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# BULLETIN of the

## National Association of Credit Men

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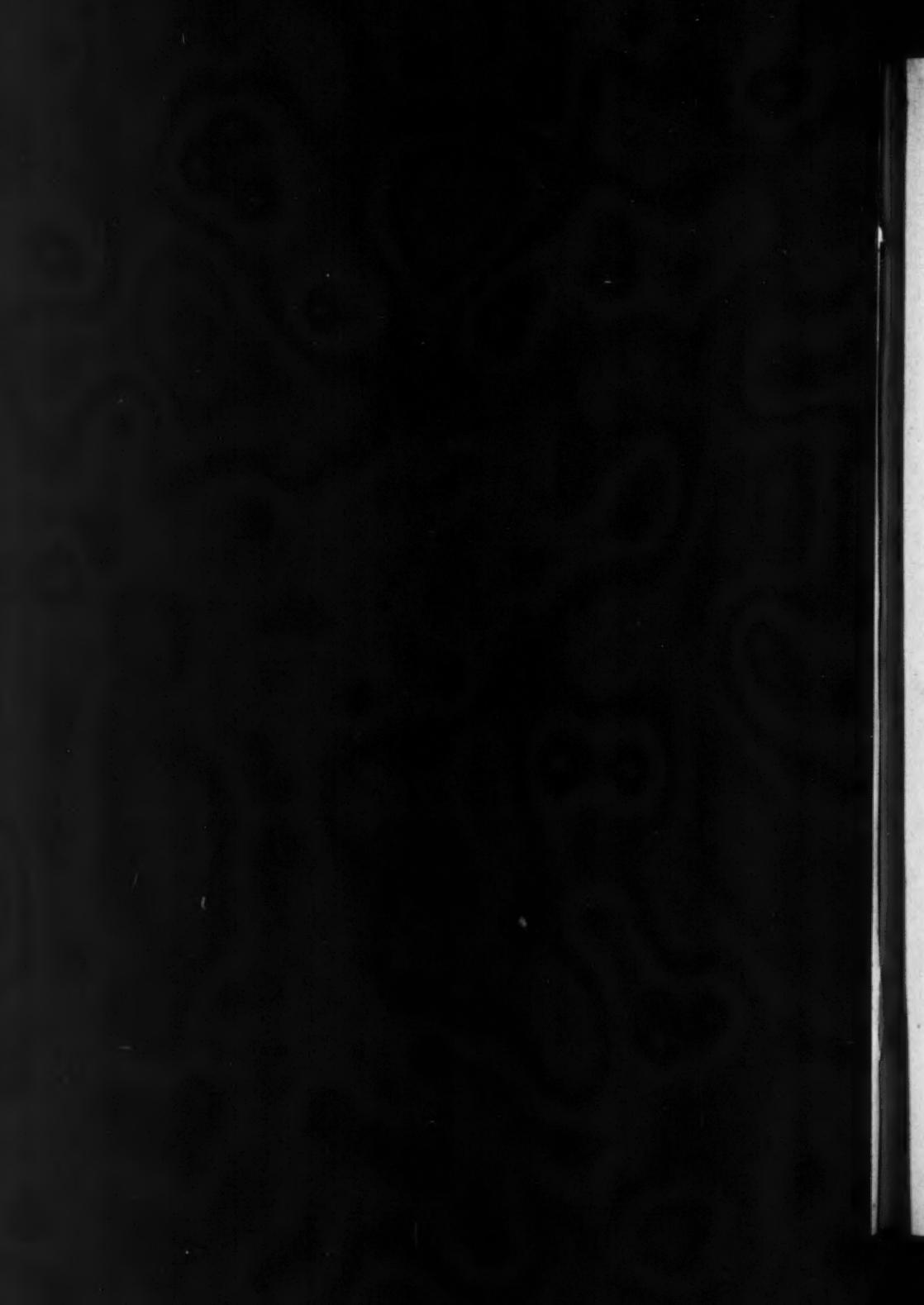
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# BULLETIN of the National Association of Credit Men

VOL. XX.

SEPTEMBER, 1918

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## EDITORIALS

*"It is better to sacrifice one generation than to sacrifice liberty forever."*

These words of Britain's Premier should sink deep into the heart of every man and every woman of America as we enter into one of the most difficult stages of the world war. Unless one's mind is hopelessly shallow, he cannot fail to comprehend how precious is his heritage in this land of liberty, and will not try to escape any sacrifice which shall preserve it intact for future generations or extend its blessings to those nations which have known only the rule and exploitation of tyrannous and brutal overlords.

Let no one take comfort or find excuse in the absence of devotion that others around him seem to exhibit, but study more assiduously how he can make further sacrifices that the lamp of liberty may cast its rays undimmed not only over our land but over those lands whose people now for the first time are daring to hope for release from oppressive governments.

These are truly days calling for the utmost sacrifice. Let us not shirk them or take our responsibility lightly. Let no one hold back any resources he can contribute, through well-considered sacrifice of personal interests and comforts. Let us give our leaders every assistance and especially now let us resolve that the Liberty Drive for SIX BILLIONS OF DOLLARS shall be subscribed for not in such sum as each can readily spare, but in increased amount as is made possible by stern self-denials, remembering that "*it is better that one generation be sacrificed than to sacrifice liberty forever.*"

Then let us thank God that it has been our good fortune to be of that generation upon which has been imposed in a special sense the duty of preserving our sacred liberty for future generations.

*I*T is perhaps to be expected, in view of our not having had anything approaching a broad open market for short notes and paper created in industry and trade, that the service such market can render is not understood.

"Let me," says a lawyer in the course of a trade acceptance discussion, "call attention to the significant fact that discounting companies are being formed for the special purpose of discounting trade acceptance paper for the big banks, instead of these banks discounting such paper through the Federal Reserve Banks, as they should do. When, then, I ask, will the Federal Reserve Banks ever have the opportunity to render the finances of the country more liquid, or in other words, when will they ever be given the opportunity to carry out the purpose for which they were especially created by our government?"

It is not to render trade acceptances liquid that these discounting companies are being formed, but they are coming into existence because trade acceptances by their nature are self-liquidating and because the Federal Reserve Banks, by virtue of the fact that they provide an ever-ready customer for approved acceptance paper, make it a highly desirable short-term investment. This paper is not made liquid because and when it is bought by the Federal Reserve Banks but because the Federal Reserve Banks always stand ready to buy approved acceptance paper if the holder, for any reason, desires to realize on it. The fact of this ready customer is what makes the acceptance liquid from the very moment it is created, presuming, of course, that the parties thereto are in good standing.

Here is a fundamental of credit and banking which ought to be understood. It is presumed that even under the most trying conditions only a small fraction of the total of acceptance paper outstanding will be brought to the Federal Reserve Banks. It is sufficient, however, that each piece of acceptance paper containing the right names can be placed there.

These newly organized discount houses are simply the channels through which acceptance paper, the most liquid investment in the world for the reasons stated, finds its way from point of creation to the place where at the time there is the most attractive market for it. These acceptances will be sold to bankers, private investors, those in charge of trusts and others, held by them in the majority of cases to maturity, their possessors, however, knowing all the time that in case of necessity they may be realized upon before due date at the Federal Reserve Bank; or the discount houses are like great distributing reservoirs which have established hundreds of intakes from those who create and thousands of outlets for the sale of this class of instrument which is the most easily liquidated in the world, made so not, let it be repeated, because and when the Federal Reserve System absorbs the paper, but because it is the most highly eligible paper for purchase by the Federal Reserve Banks.

QUOTING from this same speaker, "If trade acceptances are generally adopted throughout the United States, then and there the office of the credit man will end. The trade acceptance will amount to nothing more than a banker's acceptance and the National Association of Credit Men may well become known as the National Association of Bookkeepers, because the bankers will then themselves determine upon the credit standing of every retail merchant in the country."

Needless to say, the speaker was not a credit man. Every credit man knows that the speaker was unduly alarmed for he knows that as the credit man takes part in the creation of acceptances the importance of his position in the business world increases. The class of customers he is selling is no longer simply a matter between him and his house, but the fact that he is checking out merchandise to a concern unworthy of credit extension will have become a matter of publicity. He is associating on the bankable paper of his house the latter's credit with that of his customers and he must needs take more pride than ever in selling those who are not likely to default in their obligations.

The credit man's job, as he takes part in creating acceptances, therefore, calls for harder work than ever both on the purely checking side and also on the educational side in pointing out to customers the importance of maintaining a clean credit record.

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IN the trade acceptance the merchants and manufacturers of the country have been given a remarkable instrument and business in general is being served in high degree by the development of the trade acceptance.

It is unfortunate that an instrument which has so many qualities should, therefore, through wilful misinterpretation or by misunderstanding, be abused. Some of these abuses have been referred to in the pages of the Bulletin. A new abuse has come to the Bulletin's attention which cannot be passed over without notice. It is the overemphasis of the trade acceptance as a method of forcing the payment of accounts on due date, exaggerating this feature until it takes precedence over all other advantages.

As an illustration, the Bulletin has received a copy of a letter sent by a seller to a buyer who had covered his purchases with acceptances, containing this paragraph: "All trade acceptances must be paid at maturity because they are government paper and even though there are some obligations that cannot be cared for at the time trade acceptances fall due, trade acceptances must be cared for because they are, as explained above, not renewable and no excuse is accepted by the government for not paying the trade acceptance

at maturity. We are explaining the nature of trade acceptances in order to prevent the possibility of your getting into trouble by overlooking the importance of not taking care of same as they fall due."

This, of course, is an extremely misleading statement. The trade acceptance is not government paper and it is of no special interest to the government whether or not the particular piece of paper known as the trade acceptance is paid when it falls due. Whether or not the trade acceptance is paid when it falls due is a matter of interest only to the drawer, the maker and the banker who holds the acceptance. It is true that the trade acceptance is not presumed to be renewable. It is presumed to be issued for the usual terms upon which the goods it covers have been sold on the open account, but the government itself does not enter in and say, "Thou shalt not," if, as the paper approached maturity, the acceptor finds that he cannot arrange to make payment.

The advantage of the acceptance is that it calls the attention of the buyer from the very start to the fact that the obligation which he has assumed has a definite pay-day, all of which tends to make him careful as he approaches the period for the liquidation of the paper. It is for this reason that acceptances as a rule are paid on due date; but there is no legal or moral power to prevent an arrangement for the extension of the obligation in the form of a new promissory note or the taking up of the paper by the seller and the account carried in the form of an unpaid past-due acceptance.

It is statements such as we have quoted which frighten the acceptor away from this instrument and the Bulletin feels it necessary to offer this protest.

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THE National Association of Credit Men refers with justifiable pride to its steady membership growth as perhaps giving the surest indication of the recognized importance of its work in American commerce. There has never been a careful analysis to determine the extent of the field from which the Association can continue to draw members, that is, the number of eligible concerns based upon a faithful interpretation of the by-laws of the Association, but we know the limit is far from being reached, and Chairman Crouch, following the example of Chairman Kane of last year, is making plans to bring within the Association's family a larger number than in any previous year.

Mr. Crouch declares that clearly the best interests of America need, as never before, unity of purpose and motive in their credit affairs and therefore the call for organized assistance which he, as

chairman, will shortly make, should bring out unusually prompt and ready response from local associations. It is to be a year, as we all know, of peculiar difficulties and problems and will call for the widest exchange of experiences and views on the highly important subject of credit extensions.

Our new chairman is no novice in the department of which he now becomes head for the entire National Association, but has for several years been performing especially effective service in his local association at Los Angeles, which association we have all watched as it grew from a few faithful members to a powerful organization.

## CENTRAL CHAT



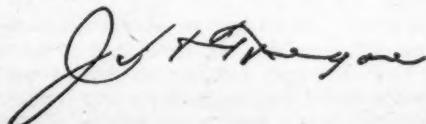
O lack honor, conscience and morality leaves one naked, and without a shred of claim on the brotherhood of man.

Hun frightfulness is not the ravings of religious fanaticism nor the retaliation for wrongs unjustly suffered. It is nothing explainable in human concepts, but the unshackling of the brute self within that knows no conscience and feeds upon the violation of womanhood and the destruction of all human rights.

Human nature obviously has not changed. The dual personality is the problem today as it was in Eden. To destroy the Divine and loose the human is to strew one's pathway with frightfulness, cover one's soul with a cloak of cynical indifference, and to gloat upon injured innocence and pilfered things.

Righteous manhood is the control of the baser self and a strict allegiance to spiritual laws.

God forbid that as a nation or individuals we should lose the grip of conscience.

A handwritten signature in cursive script, appearing to read "J. H. Morgan".

## The Association's Washington Department

At the annual meeting of the convention, held in June at Chicago, it was felt that for the period of the war the Association should make some arrangements which would enable it to keep in closer touch with Washington, for there are many matters constantly arising there of interest to credit grantors. There are bills being brought before Congress of direct interest, the progress of which should be observed; there is the work of the War Finance Corporation whose decisions are of the utmost importance; there are revenue measures; measures proposed in connection with the issue of Liberty Bonds; rulings regarding this and that line of trade and manufacture or regarding the materials and transportation affecting it; matters also pertaining to the handling of accounts with the government and government contractors.

For this work the Association has been fortunate in securing the special services of R. Preston Shealey, with whom definite arrangements have been made. Questions of the kind suggested can now be put to the National office, which will then bring them promptly before Mr. Shealey, who in turn will correspond with the National office, and through it the members receive their information. This new arrangement ought to develop into an important feature of the service of the Association.

## Rapid Turn-over in Accounts as Well as Stock

The article by F. C. Letts, president of the Western Grocer Company, Chicago, appearing in the July Bulletin on the subject: "Shortening Terms of Sale," aroused so much interest and there have been so many requests for copies for distribution among salesmen that it has been decided to issue the article in pamphlet form, making a small charge therefor.\* It is rarely that one reads an article so stimulating. Mr. Letts here opens up a line of thought which should help every reader make his business more profitable and stop leaks which though unobserved steadily drain away the vitality of the business.

Mr. Letts, in his recent correspondence, has added another illustration strengthening his point that merchants are carrying on their books in open accounts a far larger portion of their resources than it is necessary to carry. He speaks of a wholesale grocery house in an important Iowa city, one of the big houses of the middle west which for years had jogged along in the old way, all the time carrying something like 175 per cent. of a month's business on its books. Mr. Letts took the matter up with the house very earnestly and urged that it should never carry on its books more than a month's business, and could have considerably less. He persuaded it to try out his plan.

The grocery house became almost discouraged in its attempts, but under pressure from Mr. Letts kept at the task and on the first of July had but 70 per cent. on its books from June business, and furthermore found that its business was healthier in every respect.

\*Write the National office for copies.

In reporting on progress, the treasurer spoke particularly of a customer who owed over three thousand dollars, and who made no attempt to pay his bills promptly. The house told this customer that he would have to pay his bills in thirty days or get no merchandise. The retailer replied that the grocer could write his name off the books; that he would get goods elsewhere. The wholesaler appealed to Mr. Letts but received no comfort from him for he simply told the grocer to stand pat, and to write the retailer a diplomatic letter telling him that the application of the rule in his case was a service to him, because if he paid his bills as he should, he would find that he would be collecting promptly from his customers. Shortly after receiving this letter, the retailer woke up, wrote a gracious reply to the effect that the wholesaler was right and that he would pay his bills as requested, and, in fact, would do more business with the house than ever.

Mr. Letts furthermore states that the Western and National Grocer Companies had an average of 79 per cent. on their June business on their books July 1, a big difference, he says, as against the large number of wholesale grocers who feel that 150 per cent. is about right.

The new plan, says Mr. Letts, gives the merchant a great deal more working capital and business, and helps to make a better retail merchant.

### A Retailer Who Saw

That man is fortunate who, independent of his creditors, sees the necessity of getting his affairs into liquid condition and sets his house in order before it is too late. If he has ninety days' business tied up in his books, when he could, through exertion and vigilance, have less than forty; or if he has a considerable fraction of his merchandise side-tracked, or out of the current of sale, with conditions in this respect growing steadily worse, this man, unless he faces squarely about and resolves to push aside every obstacle and extricate himself, is in a bad way and sooner or later will have a serious accounting with his customers.

A merchant in a small Massachusetts town writes his customers as follows:

"To My Customers and Friends:

"I am unable properly to maintain and conduct my business if I continue to carry the large number of overdue accounts now on my books.

"I wish to explain my position fully and fairly to my customers and I know that in all fairmindedness they will appreciate the necessity of my policy and give it their hearty cooperation.

"The National Association of Credit Men has requested credit grantors to give credit only to those who pay their bills promptly at maturity. You as a loyal citizen are surely willing to do 'your bit' and pay your bills promptly when due. I have considered the advisability of placing my business on a strictly

cash basis, but realizing the hardship that might be imposed on some of my good customers, have concluded that this is something we should do only as a last resort.

"For this reason and because of the added expense of doing business I am putting into effect the following terms, which I feel confident will be acceptable:

"Five per cent. discount for cash.

"All bills, from April 1 and each succeeding month, will be due on the 10th following, and all accounts not paid in full by the 20th will automatically be placed on the C. O. D. basis.

"If you desire longer terms, I shall continue to sell goods on the INSTALLMENT PLAN with an advance of 5 per cent.

"I feel that you will not consider these requirements unreasonable and that you will heartily cooperate.

"Assuring you of my desire to cooperate with you in every possible way and thanking you for past favors, I remain."

It is to be hoped that the writer of this letter will stick to his purpose. If he fails to stick, he will probably go the way of the adjustment bureau, which is all the time handling those merchants who have not strength of character enough to keep their capital as represented in stock and accounts receivable highly liquid, constantly turning over, nothing growing old and shop-worn or too old to collect.

### A Chapter from the Book of Experience

And he arose while the morning was yet young and girded himself in his great coat, and did call unto himself his hired man and bade him prepare the chariot for the day's journey.

With scrip in his purse and choicest samples of his wares, for he was an embassy of a Merchantman, sent out from the marts of trade—he took up his journey to the godly City of Desirable, where dwelt a tradesman whose surname was Good-as-Gold.

Many shekels of godly silver did he spend on his Journey, and dined sumptuously on the meat of the Canners. His apparent reward was great, having put to confusion his competitors in trade and secured the much-coveted order from the godly tradesman, Good-as-Gold.

But lo, the fruits of his labors were to be taken from him, for straightway he did indite an epistle to the Merchantman who gave him hire and paid the cost thereof to transport to the tradesman whose surname was Good-as-Gold, who dwelt in the City of Plenty, the stuff described in his epistle.

The Merchantman who gave him hire did straightway consult his guides, charts and maps and called together the wise men of his office, but without result—hastily he did send an epistle to his embassy for further information—but it was too late—Good-as-Gold would not wait.

Wherein was the trouble, ye wise men of the craft! Who can help solve this conundrum?

S. S. BURCH.

## The Plans of the Hardest Commercial Crooks Can Be Frustrated if Creditors but Cooperate

### THREE INTERESTING CASES

It is with genuine satisfaction that the Bulletin reports the successful conclusion this month of two investigations and prosecutions and the apprehension of an old offender. While the investigating department of the National Association has lent its assistance in these matters, the credit for the work must largely go to the local associations which took the initial steps and through their local representatives have followed these matters vigorously and persistently. The investigating committee of the National Association recognizes that it cannot possibly round out and complete cases such as are here described without the hearty cooperation of local associations and creditors, and while its work is largely confined to the investigation of complaints it has felt that one of the functions of the committee is to encourage local associations and members to take a greater interest in prosecuting offenders.

Let it be said, however, that it is just as gratifying to record the successful conclusions of the efforts of the local associations as it would be the achievements of the national committee. To have these local committees active against commercial fraud gives firm assurance that there is a growing sentiment among credit men against allowing commercial frauds to go unpunished or of settling them for money consideration. This is one of the hopeful business signs of the time.

#### ALIAS ABRAHAM BRILL ET AL, BALTIMORE

Through the efforts of the Baltimore association three men who were guilty of defrauding creditors in Baltimore and elsewhere have been sentenced to five years in the Maryland penitentiary.

The three involved were Hyman Poveremy, alias Abraham Brill, alias Sam Powers, alias Hyman Gordon, and Morris Meltzer, alias S. Cohen, alias S. Levine, and David Engler, alias S. Dangm.

The original complaint filed indicated that these parties having gone to Baltimore, after having opened a small account with a reputable bank, proceeded to deposit worthless checks and to buy large quantities of goods for which they gave checks on the Baltimore bank. After having accumulated some several thousand dollars' worth of purchases, all three disappeared. Mr. Coulter, with his accustomed promptness and backed by several energetic Baltimore creditors, secured warrants against the men for having obtained goods under false pretenses and started on their trail. The men were traced to New York, where the detectives from Baltimore, in conjunction with the New York police, succeeded in locating a part of the goods they had concealed and learned the residences of the men. A night raid was made on the houses and the three were caught, one of them being pulled from a trunk, where he had hidden upon hearing the approach of the officers.

The matter was taken up with the investigating department of the National office. After the men had been arraigned and identified and requisition papers secured, they were taken back to Baltimore, where they pleaded guilty and were sentenced.

In the course of the investigation it was found that these men had operated in other cities and at least one of them was known as an old offender who had been under grave suspicion in New York on several occasions. Other cities from which complaints have come were communicated with, and pending the trial in Baltimore four detaining complaints were filed.

The man Meltzer is thought to be the same party regarding whom a notice was published in the Bulletin in 1916. Early this year a complaint had been filed against him under the name of S. Levine for having given a New York merchant a check drawn on a bank at Scranton, Pa. Papers in their effects indicated that they had been engaged in business at Detroit and in communicating with the Detroit association it was found that indictments were pending there against them.

The fact that these men have been able to operate for a considerable period at different places and have each time made their escape, emphasizes the importance of handling such cases promptly and vigorously and is an added reason why the membership as a whole should appreciate the prompt action of the Baltimore association.

#### PHILIP DA COSTA ET AL, NEW ORLEANS

In January, 1916, Philip Da Costa opened a small skirt factory in New Orleans, where he seems to have done a fair business until December, 1917, at which time he issued a financial statement showing assets of about \$28,000 and liabilities of a little over \$5,000. On the strength of this statement he obtained considerable credit from wide sources and astonished his customers by filing, on February 23, 1918, a petition in bankruptcy in which he brazenly set forth assets of about \$7,000 and liabilities of over \$50,000.

The matter was brought to the attention of the New Orleans association, which at once undertook a careful investigation and promptly had the bankrupt arrested on warrants issued by the state court.

On request to the National office for assistance, C. P. West, of the investigating department, went to New Orleans. It was found that the bankrupt had kept very inadequate books and that shortly before the filing of his petition there had been a considerable withdrawal of funds, which, with the absence of numerous checks and the mutilation of his check stubs, aroused suspicion.

It was found that he had sent checks for considerable sums to his alleged sister in Fort Worth, Texas, which facts were at first denied by both of them. As a result, both Da Costa and Esther Caneal, alias Rose Green, were indicted by the Federal Grand Jury for perjury, for the concealment of assets and for using the mails to defraud.

At the trial of the case Da Costa was convicted and sentenced to two years in the penitentiary at Atlanta and the woman was sentenced to one year in the Federal prison for women at McAllister, Okla. Rules are now pending against the bankrupt and his alleged sister for the production of some thirty thousand dollars and more in cash which is alleged to have been concealed.

It has not as yet been definitely determined who the woman is.

though evidence points to the probability that her correct name is Bertha Cohen. If further investigation verifies this, there will in all likelihood be still another interesting story to record.

#### PRICE DRESS Co., CHICAGO

In the case of the Price Dress Co., of Chicago, no convictions have been obtained, but it is thought that the developments have reached such a state as to justify giving a brief statement of the main facts.

In the early part of the year two men appeared in Chicago and started a dress factory. They advertised for a partner and offered an attractive proposition. They succeeded in interesting a man who had borne a good reputation and who was willing to place in the business four or five thousand dollars to get the business started.

The men gave their names as Samuel Price and Morris Gold. After operating a short time and obtaining considerable goods on credit, the local Chicago man was induced to go to St. Louis on business for the firm. While absent, one of the partners drew out what cash there was in bank, amounting to over two thousand dollars and proceeded to carry off the bulk of the stock on hand. Complaint was filed with the Chicago association, which immediately after entering the case filed a petition in bankruptcy. It was found that one of the men had shipped trunks to Detroit and from there the trunks had been sent by express to Philadelphia, under the name of Friedman. On receipt of a wire from Chicago, the National office sent a representative to Philadelphia, where the trunks were traced to the house of a man by the name of Turetz. While awaiting further details from Chicago a watch was placed on the house. Mr. Wagner, representing the Chicago association, came on accompanied by a man to identify the suspect, but in the meantime he had succeeded in evading the "spot." A search was made of the house and part of the goods from Chicago found. All this occurred in March, this year, and since that the investigating department has been constantly on the lookout for this man.

It developed in the investigation that Price had operated for some years in Philadelphia under the name of Turetz and that he had been indicted and convicted in connection with a failure and fire there several years ago, and that he was strongly suspected of having been involved in a number of other questionable transactions. It also developed that a few months prior to his going to Chicago, he and his partner, Gold, had engaged in the jewelry business in New York under the name of Fox & Redman. Both had been indicted and while the search for Turetz was in progress, Fox or Gold, whose correct name is understood to be Goldwin, pleaded guilty in the New York court and was sentenced to two years in the penitentiary.

The department is informed that Turetz is under arrest in Portland, Ore., where he was operating under the name of Silver, the arrest having been made at the request of San Francisco authorities, where he was said to have been engaged in a fraudulent jewelry scheme under the name of S. Miller. At this writing the department has not as yet heard from San Francisco, but has a

wire from Portland confirming the arrest and also information from other sources that the same man is being sought by Boston authorities for a fraud committed there, the details of which are not yet available.

The thanks of the entire membership and of all business men is due to the Baltimore, New Orleans and Chicago associations for their vigorous and persistent efforts in trying to rid the business community of these men who have so grossly betrayed the confidence of the good-hearted credit men, who still continue with such abiding confidence in human nature to sell new applicants for credit without asking any embarrassing questions about their antecedents.

### A Vindication of the Association's Contentions

"We learned through a local attorney that they intended to fail but concluded to defer doing so until the case of Sky was decided. Now Sky was recently sent up to Leavenworth and so far the other failure has not occurred."

The Association has always contended that the greatest advantage of prosecuting for fraud is the deterring influence it exerts upon those other members of the community who would practise fraud upon creditors if they thought it safe.

Here is proof direct that this conclusion was sound. Sky was sent by the Association to the only place that it would be safe to lodge him and the party referred to here did not want to take the chance of going the same route.

### Insuring Foreign Accounts

As a part of its after-the-war trade machinery, the British Trade Corporation, organized under royal charter by a government committee appointed to formulate plans for the extension of British trade after the war, has incorporated a credit indemnity company. This is to be known as the Trade Indemnity Company, Ltd., with a subscribed capital of \$500,000, of which \$100,000 has been paid in.

The immediate object is to provide a credit insurance scheme so that manufacturers of Great Britain can make more liberal credit arrangements with foreign markets. It is not contemplated under the British scheme to issue full insurance of credits, but the indemnity is to be based upon the co-insurance idea, the creditor being required to stand part, at least, of any loss he may sustain.

There are four forms of policies proposed. Three of these cover specific accounts and the same proportion of co-insurance, but vary in their provisions as to the time at which liability of the indemnitor accrues. The fourth plan covers all credits under a blanket form, but also requires the creditor to cover part of the risk.

Exporters in this country interested in South American trade have been discussing the formation of an American indemnity company for foreign credits. The long credit arrangements necessary in trade relations with most of the southern countries have stood in the way of many concerns extending their trade into these southern countries, and it is expected these obstacles will prevent even to a greater extent such trade after the return of peace.

### North Dakota Bulk Sales Law Construed

The Bulk Sales Law as passed by the state of North Dakota differs somewhat from the law in many other states, in that sales made without complying with its provisions are void as against the creditors of the seller and the buyer is held accountable to the creditors for all the property coming into his possession by virtue of such sale.

There has been some question as to whether the value of the property coming into the possession of the buyer became a trust fund in his hands for all creditors, or was merely a fund subject to garnishment or attachment by such creditors as choose to take such action and thereby obtain, by reason of extra diligence, a preferential right over other creditors. If this latter view had been adopted by the court then those creditors coming in after the fund had been exhausted by previous or prior attachments would have been compelled either to take the matter into bankruptcy or to forgo any rights in the fund.

In a recent decision, however, the Supreme Court of North Dakota in the case of the Minneapolis Drug Company vs. Keairnes et al, said:

"It is fair to assume that each creditor contributed his share to the stock of goods and that on a sale of the same each should receive a pro rata share. . . . The object of this law was to hold the goods of debtors under such circumstances as a trust fund for the benefit of the creditors, and to hold the purchaser in possession as a trustee for such creditors, and to prevent an expensive and unseemly scramble for unjust preferences and to secure a fair distribution of the property of insolvent debtors."

### The Ontario Bulk Sales Law

The Bulletin has had its attention called to the Bulk Sales Law recently passed for the Province of Ontario, which becomes effective October 1, 1918. It seems to be a particularly good piece of legislation.

It will be recalled that all of the American states, largely through the efforts of the National Association of Credit Men, have enacted statutes intended to protect creditors from fraudulent sales of stocks of merchandise in bulk. These statutes, although having a common purpose, differ materially in detail and in theory. In some states a merchant who proposes to sell a stock of goods in bulk out of the ordinary course of business must file in a designated public-office a specified time before the consummation of the sale a notice of the terms and conditions thereof. In other states, in addition to the filing of a notice, the same must be published in newspapers and be posted upon the premises. In many states the vendor must furnish to the vendee a complete list of his creditors to whom notice of the sale must be given, while in other states the vendor must prepare a complete inventory of the goods to be sold with the cost price thereof, together with a list of his creditors, and the

creditors must be notified both of the cost of the merchandise and of the selling price.

The various states also differ in the penalty prescribed for failure to comply with the provisions of the statute. In some states the sale is declared to be void; in others the sale is presumptively fraudulent and void, while in others the purchaser is declared to be a receiver of the goods purchased for the benefit of the creditors and is held accountable to the creditors for the value of the goods covered by the sale.

From a practical point of view the creditor would seem to be the better protected in those states in which the purchaser of a stock of merchandise in violation of the statute is made a receiver for the benefit of the creditors, as the creditors would thereby be relieved from the necessity of conducting expensive litigation to void the sale.

The new Ontario statute provides a simple and direct method for the protection of creditors. Unless creditors shall have waived the benefit of the statute it requires that the purchase price shall be paid directly to a trustee who is charged with the duty of distributing the same among the creditors, as shown by a list to be prepared by the vendor. Such distribution is to be made in the same manner as moneys are distributed by an assignee under "The Assignments and Preferences Act," subject to any preferences created by law or by previous contract. Unless the statute is complied with, or unless, as a matter of fact, all the creditors are paid, the sale "shall be deemed to be fraudulent and shall be void against the creditors of the vendor." For his services the trustee may receive not to exceed 3 per cent. of the total proceeds of the sale which come into his hands, together with his disbursements. The provisions of the act are not applicable, however, in case the vendor obtains waivers from his creditors having claims of \$50 or over, representing 60 per cent. in number and value of the claims of \$50 and over.

Section 5 of the act apparently permits the sale of a stock of merchandise in consideration of the promissory note of the vendee. It is suggested that creditors should scrutinize with great care any promissory note offered, for if sold to an irresponsible purchaser the stock of merchandise could easily be dissipated before the maturity of the note, which then might not be collectable.

The characteristic feature of the new law, viz.: the appointment of a trustee to receive and distribute the purchase price, seems to be an acceptable addition to the law regulating bulk sales. It will be regretted by some that provision is not made for advance notice to creditors of a contemplated sale, as is the case in many of the American statutes, but as creditors are given sixty days after learning of the sale in which to bring action to set the same aside if the statute has not been complied with, ample protection seems to be afforded them. We believe that, in case a bulk sales statute is not complied with, the purchaser should be specifically declared to be a receiver for the benefit of creditors; but, as stated, this feature is not present in all of the American statutes.

## Some Recent Decisions of Interest to Credit Men

**EXEMPTIONS—Wages**—In Ky. St. § 1697, exempting certain wages, salary, or income of the debtor from execution, the word "income" should be construed as if qualified by the words "earned by labor," so that a tobacco crop grown by a farmer as his own business venture is not income, nor exempt.—Roberts vs. Frank Carrithers Brothers, Ky., 202 S. W. 659.

**CARRIERS OF GOODS—Bill of Lading**—Common carrier is not bound by bill of lading issued by its agent, unless goods were actually received for shipment, and is not estopped from showing by parol that no goods were in fact received, although bill has been transferred to bona fide holder for value.—Commercial National Bank vs. Seaboard Air Line, N. C., 95 S. E. 777.

**FALSE PRETENSES—Giving of Check**—The giving of check for goods to be paid for upon delivery, without explanation, was a representation, symbol, or token that defendant had money on deposit in such bank, and if false and given with intent to deceive seller and induce him to part with goods, which was accomplished, the defendant was guilty of obtaining property under false pretenses.—Eaton vs. State, Ala., 78 So. 321.

**FRAUD—Puffing Talk**—Where buyer of vacuum cleaners and materials and machinery for their manufacture was allowed full opportunity to inspect cleaners and test them, misrepresentations concerning their qualities and powers should be deemed mere puffing talk, which would not give rise to action for deceit.—Vulcan Metals Co. vs. Simmons Manufacturing Co., U. S. C. C. A., 248 Fed. 853.

**FRAUDULENT CONVEYANCES—Bulk Sales**—Where a sale of merchandise in bulk is not made as prescribed by bulk sales statute (Comp. Laws 1913, § 7226), the goods of the debtor become a trust fund for his creditors, and the purchaser a trustee for the creditors.—Minneapolis Drug Co. vs. Kearnes, N. D., 167 N. W. 326.

**RESCISSON**—Where buyer made no offer to return articles delivered, he cannot, despite seller's misrepresentations, rescind contract and escape liability on notes given for purchase price.—Vulcan Metals Co. vs. Simmons Manufacturing Co., U. S. C. C. A., 248 Fed. 853.

**THREATS—Extortion**—Threatening to accuse and prosecute a thief unless he pays value of property stolen, and which he pays by reason of fear induced thereby is, without reference to good faith in exacting the amount justly due, extortion, within Pen. Code, § 418.—People vs. Beggs, Cal., 172 Pac. 152.

**DISCHARGE IN BANKRUPTCY**—Although a bankrupt may receive a general discharge yet section 17 declares that a discharge shall not release the bankrupt from liability based on false pretenses or misrepresentations and the claim of one who extended credit on a materially false statement is not barred, though such creditor may have participated in the bankruptcy proceedings and has successfully opposed the discharge.—In *Re* Groodinsky, 248 Fed. 753.

## The Current Ratio Theory

### NECESSITY FOR EXPANSION ON THIS IDEA

ALEXANDER WALL, National Bank of Commerce, Detroit, Mich.

Formal statement analysis has evolved a principle that the current assets should be in excess of the current liabilities, as shown by any commercial statement, in an amount equaling 200 per cent. For every dollar of current liabilities this credit axiom demands two dollars of current assets. The theory behind this principle is that the current liabilities do not shrink in liquidation, but the current assets are always subject to some shrinkage and occasionally to a very large shrinkage.

The margin referred to is supposed to take care of this shrinkage, leaving sufficient assets from which to pay all current liabilities.

There are, however, several interesting phases in connection with the study of the current ratio itself that should be entered into if we are to progress beyond the second circle of credit investigation. An example is the insistence that is placed upon entering the merchandise in the statement at cost, or less than cost, in a falling market. On the other hand, the merchant is allowed to list his receivables at selling price, including in the amount the cost of the merchandise and the profit derived from the sale. It is, of course, a bookkeeping difficulty to insist that accounts receivable be carried at cost until they be collected, and this is not a brief for that argument. An example, however, of the change that can be produced in the current ratio is easily typified by the following. If we suppose that a merchant has fifty dollars of merchandise, and that to arrive at this stage of production he has had to borrow twenty-five dollars, we establish the time-honored 200 per cent. current ratio. If we follow this one step further, and allow the merchant to bill this merchandise, transforming it into receivables and adding thereto his gross profit of twenty-five dollars, we will have current assets of seventy-five dollars, against liabilities of twenty-five dollars, or a current ratio of 300 per cent.

From the above, it seems evident that, when we are comparing the current ratio of a statement of this year with that of last, we should also compare the proportions that exist between the receivables and the merchandise, as an increase in the current assets may only indicate that a bigger proportion of the current assets is in the form of receivables. This adds a subsidiary test, which helps to prove the current ratio and its real value as a measure of the standing of any company.

Another phase of the current ratio which, perhaps, is not considered as forcibly as it might be, is the liquidness of the current assets. If we take again an example, we will more readily see what is meant by this phraseology. Take two companies in the same line of business, and let both of them indicate a current ratio of 200 per cent. or two for one. Let us suppose that the first company indicates, by comparing its sales first with its receivables and second with its merchandise, that its accounts are collected six times a year, and its merchandise turned over six times a year. Let us suppose that the second company, with a like comparison, indicates

that its receivables are collected three times a year and its merchandise turned over three times a year. Is it unfair to assume that the liquidity of the first company is considerably greater than that of the second, and therefore would it not be considered that the first company, having the same current ratio, is in a stronger position than the second; or that the first company could, with safety, be allowed to operate on a lower current ratio than the second, as a matter of good credit granting?

The amount of liquid invested funds which any company has with which to carry on the commercial part of its business is that part of its net worth which remains after the plant, real estate, machinery and other fixed assets have been paid for. If we establish a ratio between net worth and fixed or non-current assets, we determine at a glance how much more than the fixed assets the company itself has provided as working capital. If, by comparison from year to year, we find that the ratio between net worth and fixed assets is declining, we can be moderately sure that the company is going to be less plastic, more fixed in its investment, even if there is a considerable increase in net worth from year to year. If the ratio between net worth and non-current assets shows an increase, we can feel moderately confident that the earnings of the company are being kept in liquid form, in a percentage approximating the increase in this ratio.

The borrowing possibility and the consequent load which any company assumes suggests a ratio between total debt and net worth. Such a ratio indicates how much any company has borrowed for every dollar which the stockholders or owners have put into the business themselves. As this ratio increases, the interest of the stockholders, or the cushion which the stockholders have provided for the shrinkage of assets as a guarantee to the general creditors, is decreasing, and, logically, the higher the debt, unless acquired for some very good economic reason, the lower the credit strength.

We have spoken of the ratio of sales to receivables and merchandise, indicating the liquidity of the current assets; the ratio that may be determined between sales and net worth indicates the activity of the invested funds. Such a ratio may indicate that the company is turning its capitalization so rapidly as to be in a feverish condition, or is turning it so slowly that dry rot may almost be apparent from this one study.

These seven ratios are suggested as being far more detailed and forceful in their examination of the statement than the rulings upon the two for one theory. There is, however, a very much broader theory lying back of the adoption of this seven ratio study, which the writer has been advocating for a year or more, and which any credit man can use in a moderate degree. The country is distinctly divisible into economic zones, people in the same zone, operating, approximately, under the same economic and social conditions. This suggests the theory that people operating under different conditions should be considered differently and suggests the advisability of accumulating barometric figures relative to the different economic zones of the country.

Another evident condition is that it is impossible to state that what is right for a hardware company is also right for a millinery

company, the type of the business being so radically different. This suggests analysis by types of business within zones.

The plan which the writer has had in mind is the establishment of a barometric bureau which would accumulate property statements from all over the country, sorting them first by zones and then by kinds of business. After this sorting has been done, all the statements of a similar kind, meaning statements from one kind of business, such as the wholesale grocers, would be amalgamated by zones into one type statement. The seven ratios mentioned would be derived from this type or controlling statement, and thereafter either the credit man or the manager of any business, by studying these type figures, could determine whether any individual company indicated the proper proportions on its statement sheet. If two hundred grocers operating in, let us say zone five, indicated a turnover on merchandise of 500 per cent. and one statement indicated a turnover of only 300 per cent., it would be clearly evident that the individual grocer was lacking in some way in his distribution ability. Either he was overstocked or had unseasonable goods in excess amounts.

This is, of course, purely barometric work, and does not touch upon the most important part of credit granting, which we commonly call the moral risk, and which is based on character and capacity. What proportion of the total risk can be based upon a study of the figures is a matter of opinion, ranging from 10 per cent. to 50 or 60 per cent. It is probably safe to say that from 25 per cent. to 40 per cent. of the formation of a credit opinion can be based upon the figures of the property statement. This theory, then, affects only that part of the risk, but it attempts to gauge that part of the risk as accurately as possible.

The writer submits this to the National Association of Credit Men as a study, with the hope of securing, through their cooperation, valuable suggestions and criticisms of this theory. The study which he has made so far has been somewhat limited, on account of the limited personal facilities, but has been enough to demonstrate (at least to his satisfaction) that barometrics of this kind, when properly compiled, would do much for bank credit men, and not a little for the merchants themselves. The theories are still in the process of formation, and any criticism or suggestion which will change the ratios used, or their application, might very well be made public through the \*Bulletin for the benefit of all credit men.

### Uniform Conditional Sales Act

One of the principal subjects of interest to business men discussed before the annual conference of Commissioners on Uniform State Laws, held at Cleveland; August 22-27, 1918, was the Uniform Conditional Sales Act, final draft of which was approved and recommended for enactment by the legislatures of the various states. It will soon be available for publication. This latest draft was prepared by Professor Samuel Williston of the Harvard Law School, acting in behalf of the commissioners.

\* The Bulletin will be glad to be the medium for an ample discussion of this subject.

## Income, Excess Profits and War Profits Taxes

[In April of 1918, realizing the influence of present and future federal taxation on credit granting, there was organized the War Tax Advisory Committee of the National Association of Credit Men, which, after careful study, prepared a brief and submitted it to the Ways and Means Committee of the House of Representatives.

This committee has now appeared also before the Finance Committee of the Senate to present views and recommendations in connection with the pending revenue measures.

The committee was organized in the spirit of public service, and its services, together with those performed by war tax committees of the local associations, have been tendered to the governmental authorities to the end that in the revenue measure now under consideration equality of distribution of the burden of the tax may be accomplished in so far as the financial program of the government will permit, and with the further purpose that the expanding financial requirements of the country may be secured with a minimum of disturbance to business and the sources of future taxable income. The members generally will be glad to know what their committee has been doing, as best set out in the presentation by its counsel before the Finance Committee of the Senate.]

Statement of BENSON G. WATSON, Representing the National Association of Credit Men, Before the Finance Committee of the United States Senate

THE CHAIRMAN—What interest do you represent?

MR. WATSON—I appear on behalf of the National Association of Credit Men, which is a business organization representing approximately 25,000 of the leading jobbers, manufacturers and financial interests of the country; in fact, the largest organization of business units in the world.

SENATOR SMOOT—Where located?

MR. WATSON—The headquarters are at 41 Park Row, New York.

THE CHAIRMAN—To what section of the bill are you going to direct our attention?

MR. WATSON—The purpose of my appearance is to point out some apparent inequalities and to suggest some additional means of revenue which seem to have been overlooked.

SENATOR PENROSE—You represent the jobbers. In what particular line?

MR. WATSON—Every line, every industry in the United States engaged in jobbing, manufacturing or financial industries is connected with our association.

At the beginning of the present year, when the results of the present income tax law became apparent, the question of its effect upon credit granting became very important. The jobbing and manufacturing industries sell to retailers and distributors who are corporate, partnership and individual. Their situations, so far as capital stock or invested capital is concerned, and their volume of business, their probable income, in order to make credit granting safe and consistent, should be comparatively the same. We found, however, that under the law of 1917 there were very grave inequalities as the result of different forms of business organization. So

that at the beginning of the year a committee was appointed, consisting of Mr. R. G. Elliott, chairman, of the Jaques Manufacturing Co., Chicago, Ill.; Mr. Charles D. Joyce, of the A. Colburn Co., Philadelphia, Pa.; Mr. E. H. Jaynes, of the Cleveland-Cliffs Iron Co., Cleveland, O.; Mr. W. M. Kennard, of Graupner, Love & Lamprecht, New York City, N. Y., and Mr. S. J. Whitlock, of Belding Brothers & Co., Chicago, Ill., with myself as counsel for the committee. We met on June 1 for our first formal meeting, and at that time prepared what we designated as a brief of the National Association of Credit Men, which was in turn submitted to all of the above 120 local associations in the various principal cities of the United States, in this way seeking to direct to the attention of the members of the Association the apparent inequalities and the recommendations and suggestions which we had, which we felt would equalize the burden. That brief was filed with the House Ways and Means Committee, and I am pleased to say that some of the suggestions contained in it have been recognized in the bill. In connection with this brief, and as a part of it, we included, at the end thereof, a graph showing the inequalities of the present law, taking seven distinct business conditions growing out of similar property holdings, invested capital, and distributive share to the individual. This graph shows clearly the inequalities, and the figures of the certified public accountant follow, and I desire to include that brief as a part of the suggestions which I will have to make before the committee.

The purpose of our work, which has continued since that time, has been to seek to equalize business organizations and business conditions subject to the tax, and to maintain what we call going values; that is, that the burden of the tax should not be so severe upon industry that it will curtail production, and thus limit income taxes and earning capacity in future years, and we have directed our attention to that in particular.

In going over the various matters which we had to suggest, there were two matters that came to our attention which we had not sought to find, but which we desire simply to suggest to the committee as being uncertainties in the proposed law which should be remedied. Section 213-B, page 9, is the provision which excepts as a deduction from gross incomes the proceeds of life insurance policies paid upon the death of the insured to individual beneficiaries, or to the estate of the insured. Section 233, page 35, provides that gross incomes of corporations shall be as defined in section 213.

The question that arose in our minds is as to whether or not insurance paid to the corporations is to be an allowable deduction. I am familiar with what the ruling has been under the present law, that is, that the excess of the amount paid over and above the premiums paid should be regarded as income. But I think there is an inconsistency in the law here which should be cured.

The other suggestion is in regard to the section following: the proceeds of life insurance policies paid upon the death of the insured to individual beneficiaries or to the estate of the insured; and the one following:

"The amount received by the insured as a return of premium

or premiums paid by him under life insurance, endowment," etc. The question I wish to suggest, without commenting on it to the committee, is to whether or not where endowment policies mature, which have been made payable to a beneficiary, and the amount of the endowment policy is paid to an individual beneficiary, it is exempt under the law. I think the law is indistinct in that regard, and that should be remedied.

In other words, if your insurance is life, and you die, the amount paid your widow is exempted as income. If you have an endowment policy, and she is a beneficiary, at the maturity of the endowment it is paid to your wife, there is no provision for the exemption. I think it is clearly the intention that that should be done, and I think that ought to be remedied.

SENATOR THOMAS—This, I think, is a copy of the present law.

MR. WATSON—Perhaps so; I am not sure.

Section 214-A (2), page 13, covers a deduction allowed to individuals, which is carried into the deductions allowed corporations. It provides:

"All interest paid or accrued within the taxable year on indebtedness . . . in excess of interest received free from taxation under this title."

We believe that is a provision which will result not only inequitably, but will constitute a tax which is not intended. The law of 1917 permitted the deduction of the interest to the extent of capitalization on the rates selected or paid, equal to the capital stock plus one-half of the indebtedness. It has been suggested as being sound economy that the interest is a proper business expense, and I believe that is usually so conceded. If it is a proper business expense, and, under this law it cannot be capitalized and added to invested capital, then the business entity should have the privilege of charging, as a business expense, the total amount of interest paid. That is our position from the business point of view.

The other is that by deducting tax-free interest received, you are indirectly charging a tax upon municipals which you specifically exempt, and upon Liberty Bonds. I think that position is clearly sound, and that that is the effect; that is, if one has a tax-free interest coming from Liberty Bonds, and is not entitled to take credit for all the interest paid, but must reduce the amount of the deduction by the amount of his tax-free interest, he is directly paying a tax at the same rate on Liberty Bonds.

SENATOR McCUMBER—And that is contrary to the agreement made, at least, when the first Liberty Bonds were issued.

MR. WATSON—Yes, sir; and contrary to the expressed purpose of the bill.

Section 214, A-3, page 13 (a), (b) and (d), provide:

"Taxes paid or accrued within the taxable year imposed (a) by the authority of the United States, except income, war profits and excess profits taxes; or (b) by the authority of any of its possessions, except the amount of income, war profits and excess profits taxes allowed as a credit under section 222; or (d) in the case of a citizen or resident of the United States, by the authority of any

foreign country, except the amount of income, war profits and excess profits taxes, allowed as a credit under section 222."

The same exception is repeated at other places in the measure, and it is our belief that that is not a sound business principle, that the effect of it is to charge a tax upon the tax, which is not a recognized principle of taxation; that it has the effect of disturbing the ordinary methods used in business, and that all taxes are proper business charges against expenses, the same as all interest charges. I recognize the fact that by changing that provision and going to what we consider a sound business principle it would release some of the tax which you will collect. Our answer to that is that if that is the case, the proper way to reach that tax is to readjust the rates.

SENATOR THOMAS—Concisely stated, your position is that there should be allowed deductions for all taxes paid?

MR. WATSON—All taxes in the taxable year in which they accrue.

SENATOR McCUMBER—Because unless you do that, you are not taxing on your net profits, but you are taxing on a portion of your gross profits.

MR. WATSON—Exactly so. Section 213-A, page 8, provides a definition for gross income, which I believe is the same as in the previous law, and the matter to which I desire to call your attention grows out of a very possible contingency which does not frequently occur, to one either preparing a tax law or one considering business policies. Under the definition of invested capital, as used in the previous acts, and as in this act, there is no permissible appreciation credit allowed to be added to invested capital. A conservatively managed business, having a property which, according to its book accounts, is worth \$100,000, by reason of its appreciation, the cost of replacement, or the increased value of real estate in the neighborhood, becomes worth \$200,000. Being a conservative man, the business man insures to the amount of the appreciated value, either by co-insurance or a straight insurance plan, whichever may be selected, and has a fire. Assuming that it is a total loss, the insurance company pays to him \$200,000. His business accounting system only provides for that property as being worth \$100,000. The rulings have been to the effect that that difference is income. It is our contention that that item, if used in replacement, should not be counted as income.

If the money is kept and used in other channels, it may be a proper item of income, and should be charged if the appreciation accrued since March, 1913. I shall not argue that. That may be correct, and may be sound. But if the man is required to use the \$200,000 to replace the building consumed, he has no more after his building is completed than he had before. Nor is he entitled to add that \$200,000 to his invested capital, unless he pays the income tax on the increase in value.

There is a Treasury decision, No. 2706, which relates to war losses, which provides that where a loss is occasioned by reason of war times, or war destruction, and the building is replaced, the amount of the increase in value shall not be regarded as income;

and provides, further, that if on account of business conditions the replacement cannot be made immediately, the corporation or the individual may set up a replacement charge in his account of income retained for uses in his business, and he shall not be taxed on that account within a given period, providing he gives bond and complies with other requirements of the Treasury Department.

It seems to me that provision should be embodied in the law that where property consumed is compensated for by insurance the increase over the book value of the property, if used in replacement, or if placed in a reserve for replacement, should not be treated as income, but proper safeguards should be thrown around the using of that sum for replacement when building conditions are normal.

Section 2, page 2, of our brief, which was submitted, contains the following recommendation:

"Equality of the basis of the tax is essential so that the varying needs of the government may be supplied by a change in the schedule of rates only, as frequent changes of the basic principle of the law serve to cause disturbance to business and create an unnecessary expense to the government.

"We therefore recommend that corporations, co-partnerships, associations and individuals engaged in business or trade be treated identically as to rates and exemptions."

Section 210, page 5, provides for the normal tax of 12 per cent. on individuals.

Section 218-A, page 19, is the provision relating to partnership, which provides that partners shall report and pay the tax in their individual capacities only.

Section 230-A, page 31, provides a tax of 18 per cent. on corporations, with a differential of 6 per cent. for distributed profits.

It is our position and our contention that this is an income tax. It is not a privilege tax, not an excise tax, so far as these features of it are concerned. Corporations are creatures of the laws of the states in which they are incorporated or organized. They are not given or entitled to any federal privilege, other than that which is given to an individual or a partnership. The partnership is either the creature of the state in which it is organized, or it is contractual, and it likewise is not a creature of the federal government.

Before the law-making powers of the federal government a corporation, an association, a limited partnership, a partnership, and an individual engaged in business stand upon identically the same basis and are entitled to the same rights and privileges, and should not be penalized by reason of their being organized in one manner as against others organized differently.

Section 301, being the alternative war profits and excess profits tax provision, relates to corporations exclusively, and makes no provision for such taxes against an individual or a partnership. The proposed law is discriminatory against corporations, grossly so, in favor of individuals and partnerships, as the proposed draft is prepared. I do not ask you to accept the conclusions of the committee or the statements which I shall make, but I have had prepared by a certified public accountant, which I will submit as a part of the record, a tabulation containing the income, the taxes, the rate

of tax on capital, and the rate on income, of three different situations, one an individual in single proprietorship, having an invested capital of \$100,000, an income of \$25,000.

The second being an individual who, as one of three co-partners, owns a business of \$300,000, having in the pre-war period a taxable income of \$30,000, having in the taxable year an income of \$75,000, one-third of which goes to the individual partner owning the same, making his capital invested \$100,000 and his income \$25,000.

The third being one of three owners of a corporation of \$300,000, having pre-war earnings of \$30,000, having current earnings for the taxable year of \$75,000, which does not distribute any of its earnings made in the taxable year.

Another provision of the same kind for a corporation which distributes all of its earnings and another which distributes its earnings in excess of the amount of its taxes.

They are all identically the same, having the same invested capital and earnings.

The individual proprietor pays \$4,245 in income taxes and surtax.

The individual owner in the co-partnership, having the same capital, has taxes of \$4,245.

The individual owner of one-third of the corporation not distributing its dividends pays \$13,564.

The individual owning one-third of the capital stock of a corporation, the income of which is all distributed as dividends, pays \$14,501.

The individual owning one-third of the capital stock, the income of which is all distributed with adjustments made for federal income tax deductions so as not to tax at 18 per cent., that portion of income represented by the payment of income tax to the government, being the dropping out of the tax on the tax, \$13,469.44.

The individual owning one-third of the capital of a corporation, the income of which is all distributed as dividends except adjustment made for deduction of federal taxes paid by corporations to arrive at residue available for distribution as dividends \$13,056.60.

The rate of taxation on the capital stock for the partner is .424 per cent.; the individual, 4.24; the individual owner of the corporation is 13.5, and so on down the list. The tax on the income of the individual is 16.97 per cent., both for the sole proprietor and the partner. For the corporation it becomes a 54 per cent. tax in one instance and 58 in another, 53 in another and 52 in another.

**SENATOR THOMAS**—Does that include the war profits tax?

**MR. WATSON**—Yes, figured on the basis of the alternative plan, either the war tax or excess profits, whichever is greater.

The comparison on the basis of \$100,000 invested capital and \$25,000 taxable year earnings was chosen for the reason that in our opinion that comes the nearest being the average case and would apply to a larger number of individuals and partnerships engaged in business or trade than any other amount which could be selected. The discrepancy would not be so large when the higher

percentages of surtax are reached, but there would be fewer instances to which the rule would apply.

There is no sound economic reason why this distinction should be made; for, if a partnership or an individual is sufficiently large so that, if incorporated, it would be the subject of the excess profits or war profits tax, then by the very necessities of its business it will have a system of accounting to which the war profits and excess profits tax could be applied as well as a corporation, and the proper distinction between the business, as such, and the individual could be clearly drawn.

It is our contention that if it is the business entity which is to be made the subject of the tax, all business entities or units, regardless of the form of their organizations, should be treated similarly.

Section 214-E, 11, page 16, provides for exempting contributions by individuals, but this provision is not made to extend to partnerships or corporations. The effect will be to reduce the income of the Red Cross and other relief organizations, for if corporations and partnerships are to be discriminated against in the matter of deductions and made to pay the tax upon their contributions they will obviously be curtailed.

Section 230-A, page 31, provides for 6 per cent. deduction for distributed earnings of corporations. It is our recommendation that individuals, partnerships and corporations should be treated alike as to the exemptions, deductions, rates and the war profits and excess profits taxes. Then a provision should be made to prevent the accumulation of unwarranted surplus accounts to prevent the payment of the surtax on dividends by the individual. It is our opinion that the plan for forcing distribution and providing for a tax on undistributed profits, provided for in the Act of October 3, 1917, is preferable to the plan proposed in this Act, as the plan in the proposed bill is in reality a tax upon capital increase which may be necessary for the reasonable requirements of the business.

Passing, now, to section 326, page 61, of the Act, which is the provision which defines invested capital, it is our very firm conviction that the definition of invested capital is not sufficiently broad in that in paragraph A-3 it specifically excludes a large amount of sound capital assets, I mean by that, the concluding paragraph which provides:

"And not including the increase in the value of any asset above the original cost until such increase is actually realized by sale."

The 16th amendment, which made possible the present proposed law, became effective March 1, 1913. It is our contention that on that date all assets, regardless of the question as to whether they were tangible or intangible, admissible or inadmissible, constituted invested capital of the citizen, corporation or entity; that the invested capital was to be based upon that date. The proposed act makes it available for capital purposes when it has been the subject of purchase, but excludes it in the hands of the originating owner. That refers to so-called intangible property—good-will, trade-marks, trade-names and property of that character. It very frequently happens that good-will, developed in the hands of the original owner, is more valuable than it is when it is sold. It is actually sold, however, while yet in the hands of the original owner

whenever a share of the stock in the original corporation, or an interest in the partnership, is transferred to another owner, yet the corporation is not permitted to capitalize it.

If an organization develops the good-will which makes its stock of \$100 a share, par value, worth \$300 a share the person who pays \$300 a share for that stock in the concern having the good-will, which has not been sold to it, is just as much and just as well entitled to have his investment protected as is the man who paid \$100 for a share of stock in a corporation having a par value of \$100, which corporation had purchased good-will on the market. Our sole purpose is to equalize that provision, and it is our contention that good-will, trade-marks and trade-names having a determinable value, whether they have been sold or not, should be either permissible invested capital items to the corporation which originated them or the corporation which purchases those intangibles on the market should not be entitled to them. We do not care which way you go.

The proposition is recognized in this law because in section 201, page 4, we find the provision:

"That for the purpose of ascertaining the gain derived or loss sustained from the sale or other disposition of property, real, personal, or mixed, the basis shall be:

"(a) In the case of property acquired before March 1, 1913, the fair market price or value of such property as of that date; and,

"(b) In the case of property acquired on or after that date, (1) the cost thereof, or (2), the inventory value."

It is our contention that that provision in this act recognizes the fact that property, regardless of its ownership, regardless of its transfer, regardless of its character, if it had a value on March 1, 1913, is recognized as invested capital.

SENATOR THOMAS—Has not a good deal of this intangible wealth of which you speak been converted into capital stock?

MR. WATSON—I think there has been an attempt to do that in many quarters. On the other hand, practically every soundly managed business concern that is closely held has not done so, and could not do so under the law, because in order to do so they must transfer the ownership to somebody else. They cannot retain 50 per cent. of the ownership themselves and increase the capitalization under the present law, and this fact creates an obvious inequality.

The proposition is recognized in another place in this bill, where you provide for the basis of the capital stock tax. There you provide, first, that you must submit your assets and liabilities; second, the market price of your stock; third, your average income for the five previous years, for capitalization purposes, and that the capital stock tax is based on whichever is highest.

The principle has also been recognized by judicial decision, in the Big Four case, to the effect that the change of situation after the adoption of the law cannot be taken advantage of to change the basis of tax.

Our recommendation on page 2, section 3, of our brief, contains the following:

"We believe that so far as possible all classes of citizens and residents should bear a part of the expense of winning the war.

"We, therefore, recommend that personal exemptions remain as at present but that a flat individual income tax not to exceed \$5 be assessed against all individuals whose income equals or exceeds \$800, this to be in addition to whatever taxes are now or hereafter levied, and be collected and paid at the source wherever possible."

In the proposed bill reporting at the source has been increased from \$800 to \$1,000. We very graciously accept that change, and suggest that the provision which we recommend apply to that provision, because the thought of the law was suggested by the seeming uselessness of reporting the amount of income less than the amount of exemption which was required by the old law.

The present requirement of reporting \$1,000 when \$1,000 is the minimum exemption, and the amount at which the tax begins, contains a great deal more in its favor. But the thing we had in mind in recommending this tax is twofold. In the first place, we estimate that there are 30,000,000 people in the United States earning \$1,000, and that a tax of \$5 will produce \$150,000,000.

If, however, you pass to section 1001, page 144, of the Act, you will find a provision of the law which in some respects closely resembles our recommendation, except that it is made to apply to all persons who are proprietors of any trade, business or profession, and having an income exceeding \$2,000, the tax to be \$10, with the provision, however, that it should not apply to certain specified classifications.

SENATOR THOMAS—To agriculture?

MR. WATSON—Yes, sir; and we seriously object to the exemption of any one. We are of the opinion that it is vitally important for the interests of the country to bring home to every citizen, every person, every individual, the fact that he or she has some part in the government's plan of financing the war. We believe it is not only the duty of every one having an income of \$1,000 to pay something directly, whether he is subject to an income tax or not, but we believe it is a privilege which should be extended to him. We believe it will produce considerable revenue, which will be easily collectible. Our suggestion is that wherever possible the tax be collected and paid at the source, and as a workable means of effecting this purpose we suggest that the tax be collected by the employer and deducted from the earnings of every employee whose rate of wage equals \$1,000 a year, deduction to be made upon a definite date to be fixed by the Act, at the date as shown by the statistical bureau as being the one upon which most people are employed; that it also be included as a part of the fixed tax of every one required to make a tax return under the present law, but deductible from the individual's tax if paid by his employer; that an affidavit be required from all others who are not employed upon the date fixed, or who are not required to make the individual income tax return by reason of existing exemptions, stating whether or not their earnings equal the sum of \$1,000 per year, and if so, the tax shall be collectible. This plan would seem to have the effect of reaching all classes of employees and citizens whose earnings or rate of

earnings equal to \$1,000 per year, and without imposing an undue expense in the collection.

(Here Mr. Watson presented a letter from the Indianapolis Association of Credit Men voicing their approval of the principle of a flat income tax.)

I thank you very much for your attention, and shall be pleased to answer any inquiries or to submit any further statements you may desire.

SENATOR TOWNSEND—Did I understand you had revised this brief you have filed in the House?

MR. WATSON—This brief was prepared before any bill was introduced in the House. We have not changed our position from the position laid down in the brief.

SENATOR ROBINSON—Some of the suggestions in the brief have already been incorporated in the Bill?

MR. WATSON—Yes, sir.

SENATOR ROBINSON—I think you ought to indicate on the brief, or in connection with your statement, what suggestions have been incorporated. You can do that at your leisure.

SENATOR PENROSE—Mark the paragraphs that are incorporated in the Bill so that they may be indicated when the hearing is printed.

### Cash Terms Being Better Observed

It is interesting testimony that is given by a credit grantor whose shipments go into practically every state of the Union concerning his customers' attitude toward cash discount terms. His experience has been, he says, that there is less trouble than ever before with incorrect deductions of cash discount, this in spite of the fact that shipments are seriously delayed in transit and goods do not reach customers until long after the discount period has passed. His customers, however, he says, seem to realize as never before that sales terms are part of the contract, and that the seller has the right to expect remittances accordingly.

Some educational work, naturally, is still called for, because there are still those who have the notion that they are entitled to discount from arrival but the majority yield when their attention is called to the fact that terms of sale do not refer to arrival, but to date of shipment, and also that the seller himself is suffering from delayed shipments for his raw materials and yet is covering those shipments on terms which relate back to invoice date. Customers in general readily see that it is impossible for the seller to pay for his materials in exact accordance with terms and still permit his customers to pay on terms based on arrival of goods.

There is only one section of the country, this credit grantor declares, where steady objection to this principle has been met, namely, in a large middle western state, where even representative concerns seem to refuse to accept the sound principle of the cash discount.

## Cash Discount Upon the Value of Money

R. R. ELLIS, Hessig-Ellis Drug Co., Memphis, Tenn.

What is the true value of money? Necessarily the answer must be relative and comparative as the value of money is governed by times, conditions and customs, but the generally accepted legal value of money is 6 per cent. per annum, and since we must have a standard, it would be well for business to recognize 6 per cent. as the standard of money value. Therefore, the merchandise transaction having ended with the sale of the goods, at their true price, and the purchaser desiring to make use of any funds that he might have by advance payment of the invoice, should be permitted to deduct from the face thereof a cash discount on the basis of 6 per cent. per annum. Likewise, the granting of credit beyond the period of thirty days or by extension should be upon the basis of the value of money—6 per cent. per annum—or as otherwise agreed upon, but let us insist upon the distinction, that the renewal or extension be handled upon the basis of a money transaction, and paid for upon the value of the money at the time and in the community where the transaction occurs.

Necessarily the elimination of the present "so-called" cash discount and the placing of it upon a basis of the real value of money will require a general revision of to-day's prices on all commodities that are priced other than net. The present "so-called" cash discount system is a heritage of the day when there was practically no confidence in business—when the methods were entirely different from the high standards of to-day, a heritage from the period when the slogan of business was "Caveat emptor"—born of a time when hazards were great. It was a time when the banking system was not adequate for furnishing ready funds for the transaction of good business, and different from the methods of to-day.

When the suggestion of the elimination of the cash discount was first mentioned before a convention of the National Wholesale Druggists' Association in 1916, in the report of the Committee on Credits and Collections, it was like throwing out the proverbial red flag, but the soundness in principle and desirability of this innovation is now more generally recognized. We find that the present so-called cash discount has for a long time been the rasp upon the nerves of good business, and many are anxious for a relief. One of America's largest manufacturers writes: "The noise started in Baltimore in 1916 and Chicago last year bids fair to develop into a nation-wide roar. God speed the time when we will come to a full realization of the far-reaching effect that would come from the adoption of your plans to readjust the cash discount upon the basis of the value of money." We submit that the money paid in advance of the maturity of an invoice, the cash discount is not changed in its value one iota, because of the fact that the invoice that you pay is for drugs or for side meat, for shoes or for druggists' sundries and what not. Why, then, do some people allow 8 per cent. for cash

and some 1 per cent. for cash in ten days. Let us analyze what is classed under cash discounts:

1 per cent., ten days, net thirty days.....	18 per cent.
2 per cent., ten days, net thirty days .....	36 per cent.
3 per cent., ten days, net thirty days .....	54 per cent.
3 per cent., spot cash, net thirty days .....	36 per cent.
5 per cent., ten days, net thirty days .....	90 per cent.
6 per cent., ten days, net thirty days .....	108 per cent.
8 per cent., ten days, net thirty days .....	142 per cent.
2 per cent., ten days, net sixty days .....	14.4 per cent.
3 per cent., ten days, net sixty days .....	21.6 per cent.
2 per cent., thirty days, net sixty days .....	24 per cent.
5 per cent., thirty days, net four months .....	20 per cent.
3 per cent., thirty days, net sixty days .....	36 per cent.

We cannot maintain the position that the present-day cash discounts that are being allowed indicate a measure of the value of the money received in advance of the regular maturity of the invoice. We have what is recognized as ideal terms—1 per cent. ten days, thirty days net, and from that basis openly or legitimately there are offered varying discounts for cash as high as 8 per cent., and with any of these various discounts as a basis other irregularities creep in. In addition to the dollars and cents value of the discount allowed, the riding process adds greatly to expense. WHAT IS THE RIDING PROCESS? It starts in with checks dated ten days after receipt of the invoice, and you receive same by the 12th or 15th. Later this is extended until the 20th, and when it reaches that point it usually is taken any time in the month. This leads to the next irregular practice, that is, all goods purchased during a given month are paid for on or before the tenth of the following month, and as soon as this privilege is granted and established, then the payee again starts his riding process, sending checks later than the tenth, finally sending them any time during the month for all goods bought during the previous month and takes his cash discount. In addition to this irregularity, the door having been opened for irregular practices, first by the cash discount, many other irregularities creep through that are objectionable and expensive. We will not touch here in detail upon the various other irregularities, freight allowances, etc. We certainly ought to remove this menace. Close the door and recognize when goods are sold that the merchandise transaction ends and thereafter operate upon a basis of a money transaction.

With some houses you can find samples of the entire line of discounts allowed, even upon the same class of goods. We have shown a range of discounts from 1 per cent. to 8 per cent. and of interest granted from 18 per cent. to 142 per cent., and if you attempt to carry these figures on, including these varying discounts, and the additional loss by allowing said discounts and the extra time, there is no estimating where we will wind up. Furthermore, we find that in transactions between retailer and wholesaler the cash discount is taken advantage of to cover only about 20 per cent.,

therefore it follows that the remaining 80 per cent., or four out of five, of retail customers do not receive the concessions as evidenced by the irregular practices above outlined, but the man who can force these irregularities get finally your limit of dating and his discount, too. It further argues that those who are taking these discounts are not the backbone of your business, nor do they constitute the class who most need to buy their goods at the cheapest price, and the class that you should be most interested in selling at the best possible price in order that they may make the fairest profit that is right for them to make. It is our opinion also that those who are able to discount to-day will avail themselves of the advantages of the 6 per cent. per annum for advance payment of their invoices as readily as they do now.

Any proposition in order to stand the test of necessity and time must perform a beneficial service to all parties at interest. Any false practices indulged in secretly or otherwise contributes that much to the weakness of the whole. The universal adoption of the cash discount upon a solid basis of money value would make the discount stand any test and would prove a great boon to business.

Whenever a buyer secures, or a seller grants, concessions different from the accepted standards of business, not only is his business as a whole injured, but the individual participant therein suffers. If all are fair and the principles of a square deal are lived up to, we are bound to prosper, and just in proportion as we violate these principles, we suffer individually and as a whole.

In acknowledging that in the drug line we have been guilty of standing for and encouraging the abuse of the cash discount, we want the grocers, hardware, dry goods, furniture, shoe dealers and banks and all other phases of business activity to know that we know that in one form or another they are just as guilty as the drug division. Now, then, what is there to do? There are two great things to do. First, universal adoption of terms of sale on commodities of any and all lines, on a thirty-day basis, settlement to be made by cash or trade acceptance. Second, make the value for the payment in advance of the settlement of invoices, or an extension of credit beyond the thirty-day period, upon a basis of the value of money. Thus standardized, irregularities would be more easily detected and stopped; we would know that any deviation from this accepted standard would be a wrong one; the improvement would be a lasting benefit and satisfaction and profit to the public as well as to the commercial interests. We would declare to the world that while there might be business irregularities among us, we have done our best to curtail them, and at least our standards of business are right.

It would not be a serious thing to bring about these two reforms. To bring them about requires that our minds and dispositions meet upon the right, the necessity and the good business of so doing, and then the will to put into practice, and a new and better light will shine upon the face and in the hearts of American commercial life.

### Trade Acceptance Progress

The Fulton-Kenova Mine Car Co. of Cleveland reports that it has been using the trade acceptance method of settlement with customers since early in July with results that are highly satisfactory.

E. J. Baxter of the John Anisfield Company of Cleveland writes the Bulletin that he is having a steady number of customers who are taking advantage of settling their accounts by the trade acceptance method. His testimony is that his banks are glad to discount all the acceptances he brings and these acceptances are not affecting the usual line of credit. If eventually, says Mr. Baxter, all customers settle with the trade acceptance, it will not be necessary to take any single-name paper of the concern to the bank. Mr. Baxter feels that the few customers who refuse to use the acceptance and threaten to return merchandise, do so, because they do not understand the workings of the trade acceptance. In several such cases he has been able to throw light on the method and thus secure the cordial cooperation of the customer in the acceptance plan.

Speaking of the method he had pursued in securing the general adoption of the trade acceptance method with his customers, Geo. J. Gruen, of the Gruen Co., Cincinnati, says:

"One of the important points to be remembered by a manufacturer or wholesaler desiring to establish the trade acceptance method is, first, to understand the subject thoroughly and then to make the sales department understand it. After I had done as well as I could in these respects, my next step was to pick out, first of all, accounts that ran into considerable volume, and were usually paid promptly at maturity, and endeavor to get them closed on the trade acceptance basis. The response from this class of accounts was generally favorable.

"My next classification was accounts that invariably ran over due-date, though not seriously; in the month of March, for instance, I gave special attention to forty-one such accounts. I drafted careful letters, with the result that thirty-seven favorable replies with signed acceptances enclosed were received, and these thirty-seven accounts are now permanently on the list.

"In this way I have proceeded from week to week and month to month, adding to my list of acceptance customers. I have found that some customers who were strongly set against giving notes have no hesitancy in signing acceptances. I simply made it clear to them that I as well as they understood that a note as a rule was used to cover a past-due account or some general debt, but a trade acceptance is recognized by bankers and wide-awake business men as covering only a current transaction and that it is no reflection on one's credit to buy on the acceptance basis. I have scarcely failed to satisfy any customer who had interposed the objection that he never signed notes.

"It has been my custom to allow a special trade acceptance discount to encourage its use, for the American mind is so constituted that it unfailingly asks: 'What will I get out of it' It might seem

that I as seller was absorbing a new loss in the form of the small acceptance discount offer, but as a matter of fact, my concern is not absorbing an additional loss because the custom was so firmly established that open-book accounts should take from ten to sixty days to which they were not entitled that an expense for interest, for collections, for added expense in the bookkeeping department in following up a larger number of open accounts than should be there, created a loss or perhaps rather a cost item that is as real as any overhead charge and just as certain.

"It had been our practice to charge interest for extra time taken on open accounts, but this practice was the subject of much correspondence and caused ill-feeling. With the trade acceptance the question does not arise for the customer readily pays interest upon an extension of the acceptance which we make, of course, in the form of a promissory note. The extension he looks upon as a favor and consequently is glad to pay the interest charge.

"I have found that there is a strong appeal to the buyer on the patriotic side, the necessity of the country having every credit instrument issued just as liquid as possible. I feel that we are not patrioteering in bringing forward this argument for signing acceptances because it is clear to any man who has studied the Federal Reserve System how important is the creation of paper strictly representative of current shipments of merchandise.

"I am finding the work of securing acceptances easier day by day, because of the great educational work which has been done by the National Association of Credit Men and other great organizations. I find, in fact, that some of the retail jewelers are as well as, if not better, posted, than the wholesale jewelers.

"I am helping all I can to advance the acceptance principle because its general adoption will be a good thing for American business and because I have found it so highly advantageous in my line."

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The question frequently arises as to the names of the states whose laws do not provide that trade acceptances made payable at a bank by the acceptor may be charged to the account of the acceptor at his bank, without special authorization. There are seven:

Georgia.

Minnesota.

Illinois.

Nebraska.

Kansas.

South Dakota.

Texas.

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Neither Georgia nor Texas has enacted the uniform negotiable instruments law, and the other five states named have placed this law upon their statute books, but in modified form in the respect mentioned.

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**Send to the National office for copies of Trade Acceptance Forms, Letter intended for use in introducing acceptance method and other explanatory literature on acceptance.**

### Adding to Price of Goods to Cover War Taxes

The September 1 letter of the American Exchange National Bank of New York emphasizes a point which has been quite widely discussed in meetings and literature of the Credit Men's Association.

It has frequently been asked what, if anything, the merchant or manufacturer should add to the price of goods to cover increased taxation; whether or not the special taxes should be treated as taxes in the past have, as a part of overhead which must be figured into the cost and the profit of course figured thereon.

"The consumption taxes," says the bank, "are to be paid by the ultimate consumer together with all other increases in cost caused by the war. This serious burden should be made as light as possible, so that the public may contribute to the financing of the war without being exposed to profiteering based on the revenues collected by the Federal government.

"Retailers should do their part by refraining from adding profit for themselves to that part of the cost of merchandise which is made up of war taxes and expenses. They should collect the government's share without trying to make money out of it. When the manufacturer puts a war tax on the goods he produces, he adds his profit to the war tax as well as to the factory tax. The wholesaler, jobber and retailer doing likewise, the ultimate consumer at the end of the line will then not only pay the war tax, but profits on that war tax, figured by manufacturer, by wholesaler, by jobber and retailer, which will, perhaps, amount to as much as the government receives, in which event, the government collects only one-half on what the public pays on account of the tax.

"In war time it is reasonable to ask business men to collect war taxes without charge; they should be prevented from adding a percentage to the tax as a part of the cost on which they are entitled to profit. The government should collect its revenues with as little waste as possible and the waste inflicted on the public is enormous when a series of profits is added to the war tax."

The same letter from this bank speaking of the moving of the fall crops and the placing of the next Liberty Loan as coming upon us simultaneously, says that the banks are in shape to handle the next Liberty Loan, and as for the crops, they will be moved easily without tying up bank resources, because transfers in the principal commodities are financed with trade acceptances, which are quick assets. Any addition to the outstanding currency of the country, says the bank letter, necessary for crop-moving purposes will be supplied almost automatically by the Federal Reserve Banks, which will base their banknote issues on the grain and cotton paper offered them for re-discount, which banknotes (and this is an important point) will be retired from circulation as trade acceptances mature, thus avoiding permanent currency inflation. We shall, if it goes on, see this admirable method of meeting temporary demands for currency in full operation during the next few months, if the various trades and banks cooperate to make the best use of the machinery of the Federal Reserve system by doing business on eligible acceptances. If the Association needed any vindication of its work for

the Federal Reserve system and for the installing of the trade and bankers' acceptances throughout our commerce, we have it here in the service they are rendering at this time, for the acceptance principle underlies our great re-discounting system.

We need but think back to the strain imposed upon our commerce every fall by the demands for crop moving. Now we approach without trepidation not only the harvesting of crops of colossal values but the flotation of the biggest government loan ever proposed for any country, one simultaneous with the other.

Let us do all we can, as suggested by the bank letter, in co-operation to make full use of the machinery of the Federal Reserve system by creating as representative of our daily transactions the highest class of trade acceptances of which we are capable.

### The Stability of Our Banking System

If evidence were needed that the banking situation in this country is sound, it would be found in the remarkable fact that during the first seven months of 1918 there has been no failure among our national banks in any one of the forty-eight states, a record never before equalled in the history of our national banks since 1870, with the exception of the year 1881.

Our national banking system now has such a grasp upon the American people and their confidence in the Federal Reserve System as a credit stabilizer is so complete, that the present banking system has been able to meet the strain of financing a gigantic world war with more poise than the financing of fall crops was handled a few years ago. Even now, four years after the breaking out of the war, the banking system of this country is in such a powerful position as to be able to meet every legitimate demand and there is the utmost confidence that it can continue to do so.

### Sales and Credit Cooperation

Making the various departments of a business pull together, that is the thing that best gives promise of success and profit. It is not true that there is an inherent antagonism between certain business departments, as for instance, credits and sales, and that notion of antagonism wherever it presents itself must be replaced by a healthier understanding of the vitally necessary alliance between the sales and credit departments. There has been much said in association meetings and pamphlet literature on this subject but no contribution to the subject has been so complete and convincing as is the little volume, "What a Salesman Should Know About Credits," written by J. C. Aspley of "Printers' Ink" and published by "The Dartnell Corporation," Chicago.

It is a book simply written, brightened and illuminated by illustrations that go to the heart of the principles the author is presenting. Mr. Aspley very properly makes no attempt to have the salesman become a credit man but seeks only to give him a general insight into the problems that face the credit man and thus bring about a sympathetic viewpoint. This is a book that ought to circulate among members of every selling force.

## A Document Which Completes the Answer to the Appeal "Business as Usual." An Historical Credit Document

### To Bank Depositors:

Nothing is more vital to the winning of the war than credit.

The Government often has to borrow immense sums, temporarily, and the banks must stand ready at all times to lend the Government what it needs. The ability of the banks to lend is not unlimited. It is just as necessary for them to conserve their lending power as it is to conserve coal, food, steel, and other commodities for which the war brings abnormal demands. Those who are producing, manufacturing, or distributing things needed to prosecute the war or maintain the health and efficiency of the civilian population, will be able to obtain the credit to which their needs and their standing entitle them; but new loans will rarely be justified unless they are to aid directly in the prosecution of the war, and every bank has been asked by the Government to request all its borrowers to keep their demands for credit down to the very minimum.

Patriotic citizens, whether in business or not, will want to cooperate with this necessary Government policy.

The way for producers, manufacturers, and merchants to do their share and reduce their credit requirements is:

- By not overbuying;
- By carrying as small stocks as practicable;
- By postponing new construction or expansion of their business;
- By effecting business economies.

The way for individuals to do their share and reduce their loans is to study their personal expenses and effect economies.

Borrowers whose loans are secured by Government bonds or other collateral, should remember that reduction of loans by selling collateral is not helpful, since it usually merely shifts the burden to other shoulders.

The banks are asked to save their credit, which means that their customers must use less of it. The saving of credit is an integral part of the great saving policy which the war requires the Government to adopt, and every man, woman, and child to support to the utmost. Saving to reduce loans is a patriotic service only second in importance to saving to buy Liberty Bonds and War Savings Stamps. Both help to transfer to the Government the ability to command the labor and materials of which President Wilson has said the Allies are in such desperate need. Both also help to accumulate for the saver a purchasing power which he may need when the war is over.

The Federal Reserve Bank of San Francisco asks the banks in its district to send this message to their depositors, feeling sure that it will meet with their prompt cooperation.

FEDERAL RESERVE BANK OF SAN FRANCISCO.

## What Are Essentials to Successful Retailing?

The interesting and yet difficult thing in the work of the credit man is that there is such a variety of considerations which he must throw in the scale in determining the question: "Shall I extend credit and to what extent?"

Norman Fetter, of Lindeke-Warner & Sons, St. Paul, has presented out of his wide experiences the various considerations which enter into his dealings with retail customers. Many of them are not new, but credit men will be glad of the opportunity of comparing their conclusions with Mr. Fetter's.

The essential point, as Mr. Fetter sees it, is that the retail merchant should be a money-maker, should have the acquisitive faculty so that his financial statement shall show a gain in net worth from year to year as the best indication that the business is being run along the right lines. With this condition established, the question arises, what are the qualities, possessed of which, the retailer can make a solid financial success.

First of all, says Mr. Fetter, he must be honest with creditors, with employees and with customers, to hold the confidence of all these is his most valuable possession. Again, he must have a cautious optimism, not that he sees wealth in every transaction, but feels certain he can succeed by paying close and unceasing attention to business. This quality will lead to carefulness in purchases, so that he will be in a position to pay on due date, and not have to carry stock from season to season. Possessing cautious optimism, he will be watchful in the extension of credit, realizing that it is an easy matter to trust out his entire capital; likewise, he will be careful in his expenses, be careful that his expenses shall never exceed a fixed percentage of his sales.

Mr. Fetter illustrates this by referring to a retail merchant in a southern Minnesota town, who declared that during the twenty years he had been in business he could easily have spent a thousand dollars more per year in running his business than he had spent, but that his net worth was now practically represented by this extra thousand dollars that he had been able to save annually by close personal supervision in his business.

Another quality of the retail merchant, says Mr. Fetter, that will help bring success is an attractive personality, such as will attract customers rather than repel them, making them feel at home in his place of business and with a sense of assurance that they will get a square deal and value received for their money. Again, a knowledge of merchandise is important, a thing which he can acquire as he goes along, so that he may know what and when to buy. Finally, ledger bookkeeping and accounting will help him to keep track of expenses, indebtedness, profits, etc.

It is possible to determine with a fair degree of accuracy to what extent a party who has been in business for some time possesses these qualities, but the romance in credit granting, says Mr. Fetter, is the handling of the new account and making the guess whether or not such an account will develop into success or turn to failure.

Let others who sell the retail trade offer their suggestions as to qualities they want to find in their customers. Some credit men will feel that Mr. Fetter has not fully covered the situation or has not correctly placed the emphasis. He and many other members will be glad if there is an exchange of experiences.

### Government Disbursements

All expenditures by the United States government are paid for by warrants on the Treasury, chargeable against the corresponding appropriation. This applies to all branches of the government, including the War and Navy Departments, but it does not include the Emergency Fleet Corporation or the Railroad Administration.

The Emergency Fleet Corporation handles its own funds, as it is in law a private corporation and not a part of the United States government. It deposits its funds in banks and draws against them by check. The official whose authority extends over the place of deposit and the transfer of funds from one bank to another is Edward N. Hurley, chairman of the Shipping Board.

The Railroad Administration for the time being is using the banks formerly used by the railroad companies, but the general policy is to extinguish these numerous bank accounts and consolidate the handling of funds. The Administration does not wish to have large deposits, and will try to restore the money to circulation. Gradually the Railroad Administration funds will come under the general rule governing all government fiscal operations.

The money deposited in banks all over the country is Treasury money, drawing 2 per cent. It is not drawn upon by any department of the government. No official of the government has any funds subject to his check, except the Secretary of the Treasury or his representative, who deposits Treasury money in any bank and withdraws it at pleasure.

### A New Book on Credits

The recent book, "New Collection Methods," by Professor E. H. Gardner, is an added contribution to the growing library for credit men. It is written in a clear, readable style and cannot fail to hold the attention of the credit man who is interested in his work as being of at least a semi-professional character.

The book, however, is misnamed and unfortunately so, because the discussion of the work of the credit man and particularly the attitude which he should hold toward the customers of the house through all the varying stages from the opening of an account to handling of an involved debtor are the most valuable parts of the work. The name does not suggest this feature and those who would be interested in this phase of the subject are likely to pass it by while the man who buys simply on the name, "New Collection Methods," may be disappointed. The concrete suggestions as to methods and systems are largely a compilation of examples drawn from the experience of many very well-conducted houses and the forms suggested afford a wide range for choice but it can hardly be said that any of them are particularly new or radically different from what are in general use.

One good feature, however, should not be overlooked, and that is, the omission of the suggested "strong arm" methods so frequently found in books on this subject. The only approach to this is the suggestion regarding "house agency" methods in use by some organizations. While this method is not advocated it is inferentially approved of by being mentioned without any accompanying word of criticism. Such methods cannot be considered as up to the standard set by the writer for the credit man in other phases of his discussion.

The several chapters on Constructive Service and Credit Work are particularly interesting and valuable in suggesting how the credit man may make his collection and at the same time save the debtor as a customer for the house.

On the whole, this is an interesting and well-written book, well worth while as a study in the day's psychology of collections and should dignify his work in the eyes of the credit man. It would serve as an excellent treatise for a course in "Credits" and should not be underestimated for what it is merely because its name may be somewhat mid-descriptive.

### Brevities

*On account of the paper shortage the monthly Bulletin is forced to condense its articles and abbreviate its messages so far as is consistent with clearness. Contributors to the pages of the Bulletin will readily appreciate this and it is certain they will not interpret the new order wrongly. The Bulletin desires to be liberally supplied by members with thoughts from their own experiences and wartime suggestions should be given more freely than ever in order to make the Bulletin as helpful as possible during this trying period. There is another condition which has to be met and put up with, namely, the slowness of delivery. Naturally mail freights are delayed as against pre-war days, just as other sorts of freight are delayed. Everything possible is being done at the office of the Association to expedite its work but new and unforeseen obstacles are constantly arising in these times and delays cannot be avoided.*

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Members of the National Association generally will be glad to learn of the appointment of B. C. McQuesten, formerly field representative and recently in business in Milwaukee, as assistant secretary in charge of the membership department.

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Franklin Blackstone of the Joseph Horn Co., member of the Pittsburgh association, was elected vice-president of the Retail Credit Men's National Association at its convention recently held in Boston.

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John Sehler of Grand Rapids, who was a charter member and one of the first presidents of his local association, died last month. Those best acquainted with the general work of the National Association of Credit Men know that Grand Rapids credit men went about forming their organization along the right lines and that Mr.

Sehler has always been given a large share of the credit for this fact. His death brings a distinct loss to the association.

A prominent member of the Association, who is doing a large amount of business with the railways and had trouble in securing payments, took the matter up with the Railroad Administration at Washington and has received the advice that there is no reason why the railroads should delay payment of bills, for they have the money to take care of them or can get it when it is required. "It seems, therefore," this member says, "the problem is one of following bills through railroad organizations for payment and, working on this basis recently, better results are being obtained."

Succeeding Dr. H. Parker Willis as secretary of the Federal Reserve Board, J. A. Broderick has been appointed. Mr. Broderick has devoted his life in various capacities to the banking business and there is no doubt of his splendid equipment for the important post which he has assumed. He has long been not only a believer in but a member of the National Association of Credit Men and has written the Association, assuring it of his desire to be of service not only to the organization as a whole, but to any of "my fellow members" in any way in his power. It is a matter of great satisfaction to have so good a friend filling this important credit position.

The St. Joseph Credit Men's Association and the St. Joseph Retail Credit Men's Association are conducting a newspaper campaign, urging upon the public the necessity of paying bills promptly. The association is frequently taking a full page in a prominent St. Joseph daily, urging promptness and frankness between customer and retailer, and the necessity of not allowing one month's bill to pile up on another month. These straight talks upon personal credit are said to have a splendid effect upon the individual householder, giving him a new point of view concerning his responsibilities toward the retail merchant.

A member of the Association, whose business is with both large and small concerns, reports that since the enactment of the Soldiers' and Sailors' Moratorium Act his company has had a number of accounts turned back by various collectors with the report that they were impossible to collect because of the Moratorium Act. All the accounts so far have been under \$10 and his custom has been in view of their size and the uncertainty of the return of the customer to his original business to charge such items to profit and loss. He feels that this item will become increasingly important with the broadening of the draft now taking place. The National office would like to have from members their experiences under the Moratorium Act, with information as to their method of handling accounts which are uncollectable thereunder.

Succeeding J. W. Chilton, manager of the St. Louis Adjustment and Credit Interchange Bureau, the members of the St. Louis Association of Credit Men have been able to secure the services of W. J. Burton, who has long been a staunch member of the

St. Louis association, active in all its counsels. Mr. Burton, as credit manager of the Frank Adam Electric Co., took particular interest in the building up of the Association's adjustment and interchange work and also had developed much enthusiasm for the central interchange system, which is becoming more and more an important factor in the building up of a true national interchange system among credit grantors. Both the St. Louis and the National membership are to be congratulated upon securing Mr. Burton's undivided attention to this important field.

At the Chicago convention of June, a resolution was adopted expressing gratification that so many of our local credit men's associations had been able to cooperate effectively with various government bureaus which had been established to carry on novel relationships between the government and the people. The convention urged that the local associations continue to put their facilities to the fullest possible extent at the service of the government agencies and bureaus, such as, for instance, the draft boards, those controlling the distribution of food, coal and other supplies, those determining upon credit accommodations, etc., and be requested to render reports of all such activities to the National office, so that sister organizations might be led to enter into similar service for the government. Some of the best sorts of work an association can do this year is to be alert to the form of service expressed in this resolution and it should not be forgotten that these forms of service will have far-reaching effect only as the National office learns about them and is able to inform sister organizations.

### Membership Section

*To the Readers of the National Credit Men's Monthly Bulletin:*

The newly appointed chairman of the National Membership Committee ardently believes that wise and persistent publicity is one of the most potent factors for advancing any meritorious cause. The chairman of the National Membership Committee was appointed for but one purpose. As the year advances that purpose will be more and more clearly outlined; the chairman of this most important committee is under no misapprehension as to the size of the undertaking placed upon him. It will be his duty (also his privilege) first, last and all the time, early and late, during sunshine and rain, clear days and stormy, to be constantly on the job, that job being the lining up of additional members from the local associations who shall become affiliated immediately with the National organization. Verily, "a man's size job," therefore all the more reason for going to it and at it enthusiastically, with but one thought in mind, that of a splendid future as the association year shall close June 1, 1919.

That the readers of the Bulletin may fully understand the plan, and may become enthusiastic participants, the writer is going to explain so that "he who runs (after new members) may read." In the first place, the chairman has asked space in the Bulletin for the monthly use of his committee and all its interests (can you conceive Secretary Tregoe not favoring anything which would build

up his beloved membership roll?). This has been gladly granted by Secretary Tregoe, and now we are firing the first gun in the campaign, which shall last till June 1, 1919. With the membership section therefore arranged for, the writer hopes our membership will keep in touch with the progress made by the live ones who are carrying on the work during the year on behalf of membership increase.

As stated, it is the intention of the chairman to give widest publicity to exactly what is being done along these lines. Owing to the vacation period, when so many are away, the list of vice-chairmen for the districts covering the entire United States has not been completed; however, a good start has been made and the following districts provided for: District No. 1, Walter C. Mitchell, Boston; District No. 2, M. T. Fleisher, Philadelphia; District No. 3, J. H. L. Jansen, Atlanta; District No. 4, P. B. Thompson, Toledo; District No. 5, R. H. Myers, Chicago; District No. 6, T. J. Kavanaugh, St. Louis; District No. 7, R. A. Spicer, Memphis; District No. 9, W. F. Courtney, Denver.

With the thought of being in completest touch with the situation, the chairman has requested of the vice-chairmen the names of officers, directors, membership chairmen and members of the respective local membership committee from each association in the district presided over by the vice-chairmen. It is interesting and pleasant to be able to announce that the first response received (after these requests had been made of the vice-chairmen) came from "good old Green Bay," and yet this is not at all surprising as one might readily appreciate the fact that any association forming the "home base" for our genial friend, M. Joannes, would naturally be some "live wire." As the writer recalls the proceedings of the convention, it seems as if no two members were more often heard from than M. Joannes and Frank Hamburger of Detroit. What then more appropriate than that the second list of workers should come from Hamburger. Following these two came lists from the Kalamazoo association, from Saginaw and Oshkosh. Grand Rapids promptly reports also that the lists are now in process of being made up and will be forwarded at once. It is this ready response to requests which gives greatest satisfaction to the chairman and promises well for the future.

A new order will be created, to be known as the National Order of Live Wires. Membership will only be possible to those who have heretofore rendered distinguished service to the National Association, or those who, during the coming year, qualify. The Order of Live Wires will, in fact, be a sort of "Burke's Peerage," "Social Gazette," "Blue Book" and "Who Is Who and Why," all rolled into one, with this difference, that many of the men whose names are found in one of the four lists are "also running" because of the fact that the ancestors of these "Also Runners" have had position in the social and business world. In the case of membership in the newly established order eligibility depends wholly upon the man himself. (Please note the difference.)

The October Bulletin will contain the names of many of the charter members of this new order. Watch for it and see that if your name is not already there it is added in the near future. Just as

illustrating the spirit of accomplishment that is prevailing even now, the chairman quotes from a letter just received from Secretary F. S. Jefferies of the San Francisco Association of Credit Men, requesting his cooperation in listing a certain firm in business both in San Francisco and Los Angeles. He closes his letter by stating that San Francisco has already taken in since July 1 forty new members. Let us rise and drink to the continued success of San Francisco.

It will be the earnest desire of the membership chairman, during the year, to receive frequent letters from the vice-chairmen whose names are given above, from the presidents, from officers of the various associations from the chairmen and members of the various local membership committees. Please do not forget that the success of the local association in great measure means the unbounded success of the National Association in the final analysis. Local members have various degrees of ability along membership-getting lines, but it should never be forgotten that a man who is able to lift one pound only, and lifts it, should have the same degree of appreciation as the man who can lift five pounds and lifts it, and certainly much more than the man who is able to lift ten pounds and does nothing. Therefore, each man should put his shoulder to the wheel and lift every ounce possible, realizing that in working along membership-increase lines he is not only swelling his local association membership list, but swelling the membership of the largest commercial association in the world, and helping in the rolling up of a marvelous membership increase during the coming year.

May the burden be placed upon the hearts of every one who loves his local association, and if so, there will be no question as to the showing at the end of the year.

"Affectionately submitted" for your consideration.

F. M. COUCH,  
*National Membership Chairman.*

Los Angeles, September 13, 1918.

## ASSOCIATION NOTES

### Cincinnati

That the Cincinnati association is one of the leaders in the field of credit education is apparent from the fact that not only is it conducting an Institute of Credit along the lines recommended by the proposed National Institute of Credit, but in addition the course in credits and collections at the University of Cincinnati is in charge of the association. Secretary Richey has been named to serve on the advisory committee having charge of the organization of the National Institute of Credit.

### Cleveland

The Cleveland association, recognizing the value of education in the credit field has planned a comprehensive educational program for the coming year. The Cleveland Institute of Credit has been established and will offer an excellent three-year course along lines recommended by the proposed National Institute of Credit.

Other educational work contemplated is the inauguration of a class in public speaking and also a reading course in credit subjects.

An innovation this year will be the holding of the noon-day meetings of the association in groups while the evening meetings will be for the entire membership. It is thought that the segregation into trade groups according to the business or preference of the members will do much to create and sustain interest in the meetings.

### Indianapolis

The attendance at the summer meetings of the Indianapolis association has been gratifying and a marked spirit of interest has been maintained throughout the season.

Word has just been received that Ancil T. Brown, member of the association and now in the Y. M. C. A. service in France, has organized the first Rotary Club "over there."

An important committee, which is to have charge of all activities pertaining to the war, has recently been appointed by President Bonner.

### Los Angeles

The annual midsummer outing of the Los Angeles association was held on August 24th at Hotel Virginia, Long Beach. The occasion was a great success. After an afternoon spent in sports, the entire company assembled for dinner. Addresses were given by National President, F. B. McComas; F. M. Couch, retiring president of the Los Angeles association, and A. J. Goldwater, president-elect.

A special feature of the evening was the presentation of a service flag to the association and the reading of the names of the members who have entered the service of the country.

### Pittsburgh

An exceptional discussion of the evils and virtues of the cash discount was enjoyed by the members of the Pittsburgh Association of Credit Men at its weekly noon-day luncheon, August 15. G. W. Wakefield, a leader of the Pittsburgh activities, made the address. He had made a canvass among credit men in several lines of business and his address was a condensed statement of the views obtained by him.

Mr. Wakefield called for remarks, pro and con, following his talk, and received many responses, both for and against the cash discount. Some believed it to be a poor business policy to continue the system, while others were in favor of it. Some expressed the opinion that the discount for cash should be dispensed with, yet felt that some other method would have to be devised to replace it before it could be done away with. The luncheon was the most profitable held in many weeks.

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At a recent meeting of the Pittsburgh association, J. M. McComb of the Crucible Steel Co. gave a talk on, "The Conservation of Materials and Overbuying." Mr. McComb pointed out some glaring instances of bad business along these lines and emphasized the necessity of credit men giving careful attention to this evil.

The attendance at the summer meetings of the Credo Club surpassed expectations and much interest was shown in the summer course in business laws conducted by Attorney S. L. Levin.

### St. Louis

The St. Louis association held its sixth annual mid-summer dinner-dance at the Century Boat Club on Thursday evening, August 15. The event was thoroughly enjoyed by nearly two hundred members and friends.

Short addresses were made by President Speirs, W. J. Burton, new manager of the adjustment bureau, and A. E. Gilster, second vice-president of the National Association. After the addresses the meeting was turned over to Chas. H. Béry as chairman of the entertainment committee. As a result of his efforts an excellent program was rendered.

**San Francisco**

At two of its recent meetings the San Francisco association had as guests the leading fire insurance men of the city. The purpose of the meetings was to acquaint the managers and general agents of these companies with the work of the association in connection with insurance matters. As a result a majority of the representatives present at the different meetings has become affiliated with the association. The association is in an exceedingly prosperous condition and the membership campaign for the coming year is well started.

**Utah**

United States Senator William H. King was the principal speaker at the August luncheon of the Utah association. In his address Senator King laid particular emphasis on the fact that many mercantile failures were to be expected in non-essential lines of business during the period of the war.

A new activity which will be of inestimable value to members of the association is about to be put into operation. This is the appointment of a field representative who will travel through the territory in which local wholesalers and jobbers do business and obtain, for the exclusive use of members, credit information on the merchants throughout the territory. At the same time he will conduct an educational campaign in an endeavor to foster a better understanding between wholesaler and retailer.

## Information Wanted

One of our members calls attention to the fact that a man representing himself as W. E. Woodard but understood to be also known as G. L. Adams, and as a member of a furniture company in Arkansas, is, on a plausible pretext, succeeding in borrowing small sums of money. Any member having information regarding this party or any other party who uses similar methods will confer a great favor by notifying the National office promptly.

Members receiving orders from L. A. Rollins, formerly trading as Ashford Mercantile Company, Ashford, Ala. and now said to be trading as Donaldsonville Mercantile Company of Donaldsonville, Georgia are requested to communicate with the National office.

Information is wanted regarding J. Rubenstein, Sam Chasuk and Charlie Chasuk or Chicago Bargain House operating either in Gulfport, Mobile, Citronelle, Bay Minette, Flomaton. Information was previously requested regarding J. Rubenstein of Mobile and Flomaton in December 1916.

The Bulletin's attention has been called by a member to a man who presented a check drawn on the First National Bank of Summit, New Jersey for \$25. signed "Benzinger." Inquiry at the Bank develops the fact that a number of smaller bogus checks had been drawn on this bank presumably by the same party, the names being: Wm. A. Porter, Wm. S. Porter, C. E. Collett, Cadmen A. L. Fredericks, Charles W. Harris, Charles P. Hunter, Thomas W. Morris, Charles Sumner.

Vim Truck Sales Company, Albany, New York, said to have been operated for a while by a Mr. Katz.

J. A. Rubin, connected with the Richards Apparel Company of 576 Main Street, Buffalo, New York.

Members having any information pertaining to Guy S. Rall, Guy S. Rawl, or Guy S. Stockton, formerly of 1519 Pierce or Q Street, Sioux City, Iowa, later of San Antonio, Texas, are requested to communicate with the National office.

Industrial Service Company, formerly of 1236 Bedford Avenue, Brooklyn, New York.

## Addresses Wanted

T. C. Beach, formerly doing business as T. C. Beach Garage Equipment Company, 50 Church St., New York City.  
 E. L. Calfee, formerly Sheridan, Wyo.; Great Falls, Mont.; Basin, Wyo. Clairmount Concrete Co., 8 Light St., Baltimore, Md.  
 Sada F. Clarke, formerly of Hartford, Conn., P. O. B. 824.  
 Mrs. Willie Davies, formerly Miss Childers, Lexington, Ky.  
 Dr. A. H. Gaston, formerly Meadville, Pa.  
 Thomas A. Gessner, formerly Kenney, Ill.  
 Hinckle & Wheaton, formerly Charlotte, N. C.  
 G. W. Jackson, formerly No. Manchester, Ind.  
 W. S. Landis, Oakley, Mich.  
 W. O. McKendry, formerly 128½ S. 4th St., Quincy, Ill.  
 D. L. Miller, formerly 67 E. Madison St., Chicago, Ill.  
 S. P. Parker, formerly of Chicago, Ill.  
 F. O. Riley, formerly Leipsic, Ohio.  
 Jacob Shinegold, Columbus, Ohio, later 2147 Ontario St., Cleveland, Ohio.  
 R. Warfield Simpson, 1745 Pearl St., Jacksonville, Fla.  
 Miss Cordela Williams, formerly 2114 West 14th St., Sioux City, Iowa.

## WANTS

**A MAN QUALIFIED BY THOROUGH EXPERIENCE** in banking and commercial credits, an expert in accounting and correspondence, seeks a position where such experience may be fully utilized. Now in executive position with good salary but ambitious for a broader opening. Address ADVERTISEMENT No. 380.

**SPECIALIST IN CREDITS:**—Now employed in a non-essential industry, is open for engagement due to war conditions prevailing. Has an experience of twenty years in credits, collections, adjustments and correspondence, and in addition directed an office force. Credentials will indicate capacity of ability, character, etc. Further details will be given in person or by letter. Married, age 40. Address ADVERTISEMENT No. 381.

**CREDIT MAN:**—Now passing on and responsible for thirty million dollars in textile credits annually, wishes connection paying \$3600. Is efficiency production man, lately studying factory cost accounting. Past record of results will bear closest examination. Address ADVERTISEMENT No. 382.

**CREDIT COLLECTION AND OFFICE MANAGER:**—Age 33. Married. Experienced in bookkeeping, commercial law, etc. Now assistant to credit, collection and office manager of large manufacturing concern catering to men's furnishing trade throughout the United States. Desires to make a change for the better. Locate anywhere. Best references as to character, habits and ability. Address ADVERTISEMENT No. 383.

**CREDIT MAN, EXECUTIVE:**—A New York corporation desires to engage a high-grade man of mature judgment, experienced in placing banking or commercial credit of large amounts, particularly among manufacturers, wholesalers, jobbers, and other large corporations—whose temporary needs surpass their borrowing capacity in the usual channels. The initial salary will be substantial. The opportunity is exceptional. To receive consideration, state full particulars as to age, education, experience, ability to assume large responsibilities, and salary expected. Applications held strictly confidential. Address ADVERTISEMENT No. 384.

**CREDIT AND COLLECTION MANAGER:**—Several years' successful work in plumbing, steam and engineers' supply line. Equally capable in any other line. Fully posted on events of the moment. Well-acquainted with negotiable instruments, guarantees, etc. Draft exempt. Address ADVERTISEMENT No. 385.

**EXPERIENCED CREDIT MAN, CREDIT INVESTIGATOR, CREDIT CORRESPONDENT:**—Analyze financial statements, expert stenographer, manager, solicitor, draft exempt, married, age 29. Can accept position immediately and can furnish A-1 references. Experienced bank and mercantile credits. Salary \$2000 to \$2500. Address ADVERTISEMENT No. 386.

A large manufacturer of agricultural implements located in Iowa desires to get in touch with those who may be candidates for a vacancy as manager of credit and collection department. Communications may be sent to 1001, care of National Association of Credit Men.

## DIRECTORIES

### Directory of Officers of the Affiliated Branches of the National Association of Credit Men

(Arranged Alphabetically by States)

**ALABAMA, Birmingham** — Birmingham Credit Men's Association. President, W. L. Wilson, Goodall Dry Goods Co.; Secretary, J. A. Coker, Birmingham Paper Co.; Assistant Secretary, R. H. Eggleston, Chamber of Commerce Bldg.; Manager, J. T. Statton, 321-323 Chamber of Commerce Bldg.

**ALABAMA, Montgomery** — Montgomery Association of Credit Men. President, F. G. Salter, Dury Drug Co.; Secretary, Leo Gassnerheimer, Mercantile Paper Co.; Assistant Secretary, J. M. Holloway, Bell Bldg.

**ALABAMA, Selma** — Selma Association of Credit Men. President, W. I. Block, Block Bros.; Secretary, R. S. Carothers, Selma Hardware Co.

**ARKANSAS, Fort Smith** — Fort Smith Association of Credit Men. President, W. J. Murphy, W. J. Murphy Saddlery; Secretary, John Laws, Atkinson, William Hardware Co.

**ARKANSAS, Little Rock** — Little Rock Association of Credit Men. President, T. E. Burrow, Beal-Burrow Dry Goods Co.

**CALIFORNIA, Los Angeles** — Los Angeles Credit Men's Association. President, F. M. Couch, Blake, Moffit & Towne; Acting Secretary, E. L. Ide, Henry J. Pauly Co.

**CALIFORNIA, San Diego** — The Credit Association of San Diego. President, Gen. C. Simes, Sperry Flour Co.; Secretary, Carl O. Retaloff, 607-8 Spreckels Theatre Bldg.

**CALIFORNIA, San Francisco** — San Francisco Credit Men's Association. President, Rohr, H. Gay, American Can Co.; Secretary, Felix S. Jeffries, 461 Market St.

**COLORADO, Denver** — Denver Credit Men's Association. President, A. E. Matthews, Colorado Fuel & Iron Co.; Secretary, A. J. Jahraus, M. J. O'Fallon Supply Co.; Assistant Secretary, David F. Lowe, 503 Continental Bldg.

**COLORADO, Pueblo** — Pueblo Association of Credit Men. President, A. W. Reinecke, J. S. Brown Grocery Co.; Secretary, Geo. W. Gleason, McColm-Gleason Commission Co.; Assistant Secretary, F. L. Taylor, 747 Thatcher Bldg.

**CONNECTICUT, Bridgeport** — Bridgeport Association of Credit Men. President, L. M. Allen, Bridgeport Brass Co.; Secretary, C. R. Snoke, Bullard Machine Tool Co.

**CONNECTICUT, Hartford** — Hartford Association of Credit Men. President, C. Del. Alton, The J. B. Williams Co., Glastonbury; Secretary, E. S. Pierce, Allsteel Equipment, 647 Main St.

**CONNECTICUT, New Haven** — New Haven Association of Credit Men. President, Ziegler Sargent, Sargent & Co.; Secretary, Wallace C. Hutton, The Seamless Rubber Co., Inc.

**DISTRICT OF COLUMBIA, Washington** — Washington Association of Credit Men. President, Arthur J. May, The F. P. May Hardware Co.; Secretary, R. Preston Shealey, 726 Colorado Bldg.

**FLORIDA, Jacksonville** — Jacksonville Credit Men's Association. President, J. W. Pettyjohn, Covington Co.; Secretary, W. G. Stedeford, Osceola Fertilizer Co., P. O. Box 300.

**FLORIDA, Tampa** — Tampa Association of Credit Men. President, Frank Bentley, The Bentley-Gray Dry Goods Co.; Secretary, S. B. Owen, 5 Roberts Bldg.

**GEORGIA, Atlanta** — Atlanta Association of Credit Men. President, E. S. Papy, White Provision Co.; Secretary, H. T. Moore, Chamber of Commerce Bldg.

**GEORGIA, Augusta** — Augusta Association of Credit Men. President, L. J. Arlington, Arrington Bros. & Co.; Secretary, R. A. Heath, Heath, Bolster & Turner.

**GEORGIA, Macon** — Macon Association of Credit Men. President, Francis Herling, J. S. Schofield & Sons Co.; Secretary, J. Tom Dent, S. R. Jacques & Tinsley Co.; Manager, J. B. Meyer, Macon Association of Credit Men.

## CREDIT MEN'S BULLETIN

- GEORGIA, Savannah—Savannah Credit Men's Association.** President, H. A. Butterfield, Savannah Supply Co.; Secretary, E. J. Sullivan, Savannah Credit Men's Association.
- IDAHO, Boise—Boise Association of Credit Men, Ltd.** President, Chas. F. Adams, Idaho Candy Co.; Secretary, D. J. A. Dirks, 216-218 Boise City National Bank Bldg.
- ILLINOIS, Chicago—Chicago Association of Credit Men.** President, W. E. Shoemaker, J. W. Butler Paper Co.; Secretary, Chas. R. Dickerson, 10 South La Salle St.
- ILLINOIS, Decatur—Decatur Association of Credit Men.** President, W. Diefenthaler, Field & Shorb; Secretary, J. L. Ward, C. E. Ward & Sons.
- ILLINOIS, Peoria—Peoria Association of Credit Men.** President, W. Sutliff, Sutliff & Case Co.; Secretary, A. G. Muir, The James McCoy Company.
- ILLINOIS, Quincy—Quincy Association of Credit Men.** President, C. A. E. Koch, Miller-Arthur Drug Co.; Secretary, Frank Rothgeb, Quincy Confectionery Co.
- ILLINOIS, Rockford—Rockford Association of Credit Men.** President, E. J. Duel, Emerson-Brantingham Co.; Secretary, J. T. Gerber, Barber-Colman Co.
- ILLINOIS, Springfield—Springfield Association of Credit Men.** President, John Springer, Springfield Paper Co.; Secretary, George E. Lee, Jagemann-Bode Co.
- INDIANA, Evansville—Evansville Association of Credit Men.** President, F. A. Diekmann, Globe-Boise-World Furniture Co.; Secretary, H. W. Voss, Furniture Exchange Bldg.
- INDIANA, Ft. Wayne—Ft. Wayne Association of Credit Men.** President, H. A. Perfect, A. H. Perfect & Co.; Secretary, Arthur Parry, 611 Shoop Bldg.
- INDIANA, Indianapolis—Indiana Association of Credit Men.** President, R. O. Bonner, L. S. Ayres & Co.; Secretary, R. L. Mellett, Mellett Printing Co.
- INDIANA, Muncie—Muncie Association of Credit Men.** President, W. H. Goddard, Ios. Goddard Co.; Secretary, R. W. Clark, 615 Wyso Bldg.
- INDIANA, South Bend—South Bend Association of Credit Men.** President, R. O. Morgan, Oliver Chilled Plow Works; Secretary, R. P. Lang, South Bend Wholesale Grocery Co.
- INDIANA, Terre Haute—Terre Haute Association of Credit Men.** President, Fred W. Thornton, Chas. W. Bauermeister & Co.; Secretary, Chas. E. Parker, Samuel Frank & Sons Co.
- IOWA, Cedar Rapids—Cedar Rapids Association of Credit Men.** President, A. S. Ormsby, Western Grocer Co.; Secretary, J. J. Lenihan, 504 Mullin Bldg.
- IOWA, Davenport—Davenport Association of Credit Men.** President, G. S. Johnson, G. S. Johnson Co.; Secretary, Isaac Petersberger, 222 Lane Bldg.
- IOWA, Des Moines—Des Moines Credit Men's Association.** President, C. L. Coussens, C. L. Percival Co.; Secretary, Chas. W. Moon, Iowa Multigraphing Co.
- IOWA, Ottumwa—Ottumwa Association of Credit Men.** President, Jesse Spurgeon, Samuel Mahon Co.; Secretary, Wm. A. Hunt, 114 S. Market St.
- IOWA, Sioux City—Sioux City Association of Credit Men.** President, G. U. Silzer, Harger & Blish, Inc.; Secretary, C. W. Johnson, Palmer Candy Co.; Assistant Secretary, Peter Balkema, 601 Trimble Bldg.
- IOWA, Waterloo—Waterloo Association of Credit Men.** President, W. F. Hoxie, Waterloo Fruit and Commission Co.; Secretary, G. B. Worthen, 518 Black Bldg.
- KANSAS, Wichita—Wichita Association of Credit Men.** President, C. H. Armstrong, McCormick-Armstrong Pres; Secretary, Harry D. Howard, Massey Iron Co.; Assistant Secretary, M. E. Garrison, 1005 Beacon Bldg.
- KENTUCKY, Lexington—Lexington Credit Men's Association.** President, C. T. Crowe, W. T. Sistrunk & Co.; Secretary, J. P. Johnston, 1312-15 Fayette National Bank Bldg.; Assistant Secretary, C. D. Adams, Fayette National Bank Bldg.
- KENTUCKY, Louisville—Louisville Credit Men's Association.** President, A. B. Harris, Otis Hiden Co.; Secretary, P. B. Thompson, U. S. Trust Co., Bldg.
- KENTUCKY, Paducah—Paducah Association of Credit Men.** President, J. M. Walton, Covington Bros. & Co.; Secretary, Frederick Speck, Paducah Iron Co.
- LOUISIANA, New Orleans—New Orleans Credit Men's Association.** President, W. P. Simpson, C. T. Patterson Co., Ltd.; Secretary, T. J. Bartlette, Williams, Richardson & Co., Ltd.
- MARYLAND, Baltimore—Baltimore Association of Credit Men.** President, W. Howard, Matthai National Enameling & Stamping Co.; Secretary, S. D. Buck, 100 Hopkins Pl.; Assistant Secretary, W. M. Coulter, 100 Hopkins Pl.
- MASSACHUSETTS, Boston—Boston Credit Men's Association.** President, Edward P. Tuttle, Atlas Shoe Co.; Secretary, Herbert A. Whiting, 77 Summer St.
- MASSACHUSETTS, Springfield—Springfield Credit Men's Association.** President, L. K. Talmadge, Baker Extract Co.; Secretary, Stanley S. Shepard, Try-Me Mfg. Co.
- MASSACHUSETTS, Worcester—Worcester Association of Credit Men.** President, H. A. Stanton, Norton Co.; Secretary, C. W. Park, Merchants National Bank.
- MICHIGAN, Detroit—Detroit Association of Credit Men.** President, A. J. Peoples Detroit Copper & Brass Rolling Mills; Secretary, Frank R. Hamburger, 917-918 Dime Bank Bldg.
- MICHIGAN, Grand Rapids—Grand Rapids Credit Men's Association.** President, G. J. Wissink, Herold-Bertsch Shoe Co.; Secretary, Walter H. Brooks, 537 Michigan Trust Bldg.
- MICHIGAN, Kalamazoo—Kalamazoo Association of Credit Men.** President, Louis Rosenbaum, Kalamazoo Pants Co.; Secretary, F. R. Olmsted, 203 Hanselman Bldg.
- MICHIGAN, Lansing—Lansing Association of Credit Men.** President, E. H. Boucher, Elliott Grocer Co.; Secretary, J. Earle Brown, Lansing, Mich.
- MICHIGAN, Saginaw—North Eastern Michigan Association of Credit Men.** President, Irving H. Baker, First Nat. Bank, Bay City, Mich.; Secretary, John Hopkins, 315 Bearinger Bldg.
- MINNESOTA, Duluth—Duluth Association of Credit Men.** (Duluth-Superior) President, S. D. Fisher, Armour & Co.; Secretary, E. G. Robie, Manhattan Bldg.

- MINNESOTA.** Minneapolis—Minneapolis Association of Credit Men. President, I. W. Sprague; Janney, Semple, Hill & Co.; Secretary, W. O. Hawkins, McClellan Paper Co.
- MINNESOTA.** St. Paul—St. Paul Association of Credit Men. President, Levi T. Jones, Nunes Bros. & Cutler; Acting Secretary, W. G. Anglim, Whaley & Anglim.
- MISSOURI.** Kansas City—Kansas City Association of Credit Men. President, F. B. Rose, American Screen Mfg. Co.; Secretary, J. T. Franey, 303-7 New England Bldg.
- MISSOURI.** St. Joseph—St. Joseph Credit Men's Association. President, T. M. Longmuir, Hammond Packing Co., South St. Joseph, Mo.; Secretary, C. A. Wells, John S. Brittain Dry Goods Co.
- MISSOURI.** St. Louis—St. Louis Association of Credit Men. President, C. W. Speirs, Gaus-Langenberg Hat Co.; Secretary, C. P. Welsh, 333 Boatmen's Bank Bldg.
- MONTANA.** Billings—Billings Credit Men's Association. President, Walter L. Clarke, Yellowstone National Bank; Secretary, H. C. Stringham, Electric Bldg.
- MONTANA.** Butte—Butte Association of Credit Men. President, M. A. Hughes, Swift & Company; Secretary, W. P. Wilson, Henningsen Produce Company; Assistant Secretary, R. E. Clawson, Ind. Telephone Bldg.
- MONTANA.** Great Falls—Northern Montana Association of Credit Men. President, F. J. Gies, F. J. Gies & Co.; Secretary, J. K. Hult, Mutual Oil Co.
- MONTANA.** Helena—Helena Association of Credit Men. President, Geo. Cottingham, Union Mercantile Co.; Secretary, P. G. Schroeder, Room 9, Pittsburgh Block.
- NEBRASKA.** Lincoln—Lincoln Credit Men's Association. President, E. W. Nelson, Rudge & Guenzel Co.; Secretary, Guy C. Harris, Schwarzer Paper Co.
- NEBRASKA.** Omaha—The Omaha Association of Credit Men. President, C. J. Ochiltree, Martin-Cott Hat Co.; Secretary, L. R. Yost, E. E. Bruce & Co.
- NEW JERSEY.** Newark—Newark Association of Credit Men. President, F. P. Crane, Whitehead & Hoag Co.; Secretary, F. B. Broughton, 671 Broad St.
- NEW YORK.** Albany—Albany Association of Credit Men. President, S. T. Jones, Hudson Valley Paper Co.; Secretary, S. C. Gunn, A. P. W. Paper Co.
- NEW YORK.** Buffalo—Buffalo Association of Credit Men. President, L. E. Chandler, Liberty Bank of Buffalo; Secretary, James C. Chase, 1001 Mutual Life Bldg.
- NEW YORK.** New York—New York Credit Men's Association. President, E. S. Boteler, G. K. Sheridan & Co.; Secretary, A. H. Alexander, 330 Broadway.
- NEW YORK.** Rochester—Rochester Association of Credit Men. President, W. L. Dobbins, Levy Bros., Clothing Co.; Secretary, Eben Halley, American Clay & Cement Co.
- NEW YORK.** Syracuse—Syracuse Association of Credit Men. President, S. M. Andrews, West Bros.; Secretary, H. B. Bush, 727-733 Snow Bldg.
- NEW YORK.** Utica—Utica Association of Credit Men. President, L. G. Ross, Browne-Gaus Shoe Co.; Secretary, L. B. Mentzer, Foster Bros. Mfg. Co.
- NORTH CAROLINA.** Wilmington—Wilmington Association of Credit Men. President, J. R. Murchison, J. W. Murchison & Co.; Secretary,
- NORTH DAKOTA.** Fargo—Fargo Association of Credit Men. President, Frank R. Scott, Merchants' Nat. Bank; Secretary, H. L. Loomis, N. W. Mutual Savings & Loan Association.
- NORTH DAKOTA.** Grand Forks—Grand Fork Association of Credit Men. President, M. E. Stricker, Stone-Ordean-Well Co.; Secretary, S. H. Booth, Congress Candy Co.
- OHIO.** Cincinnati—Cincinnati Association of Credit Men. President, Chas. W. Dupuis, Citizens' National Bank; Secretary, J. L. Richey, 631-Union Trust Bldg.
- OHIO.** Cleveland—Cleveland Association of Credit Men. President, John M. Klingman, The Cadiz-Wilson Shoe Co.; Secretary, D. W. Cauley, 318 Engineers' Bldg.
- OHIO.** Columbus—Columbus Credit Men's Association. President, D. B. Neil, Lawrence Press Co.; Secretary, Benson G. Watson, 411-420 The New First National Bank Bldg.
- OHIO.** Dayton—Dayton Association of Credit Men. President, Ward I. Nicholas, Dayton Rubber Co.; Secretary, N. F. Nolan, 607 Schwind Bldg.
- OHIO.** Toledo—Toledo Association of Credit Men. President, J. V. Davidson, Davidson Lumber & Cedar Co.; Secretary, Fred A. Brown, 723 Nicholas Bldg.
- OHIO.** Youngstown—Youngstown Association of Credit Men. President, O. W. Chaffee, The Trust-Con. Steel Co.; Secretary, W. C. McKain, 1106-7 Mahoning National Bank Bldg.
- OKLAHOMA.** Oklahoma City—Oklahoma City Association of Credit Men. President, F. O. Harris, Burwell-Smith Supply Co.; Secretary, Eugene Miller, 651 Insurance Bldg.
- OKLAHOMA.** Tulsa—Tulsa Credit Men's Association. President, J. F. Goodner, Goodner-Malone Co.; Secretary, W. A. Rayson, 109-A East 3d St.
- OREGON.** Portland—Portland Association of Credit Men. President, P. L. Bishop, Lang & Co.; Secretary, H. J. Parr, Union Meat Co.
- PENNSYLVANIA.** Allentown—Lehigh Valley Association of Credit Men. President, Martin B. Strauss, M. H. Strauss Co.; Secretary, J. H. J. Reinhard, 402 Hunnicutter Bldg.
- PENNSYLVANIA.** Harrisburg—Harrisburg Association of Credit Men. President, Carl K. Deen, Witman-Schwartz Corp.; Secretary, H. B. Lau, Moorhead Knitting Co.
- PENNSYLVANIA.** New Castle—New Castle Association of Credit Men. President, A. W. Andrews, Mahoning Valley Baking Co.; Secretary, Roy M. Jamison, 334 Safe Deposit & Trust Bldg.
- PENNSYLVANIA.** Philadelphia—Philadelphia Association of Credit Men. President, W. K. Hardt, Fourth St. National Bank; Secretary, David A. Longacre, Room 801, 1011 Chestnut St.
- PENNSYLVANIA.** Pittsburgh—Pittsburgh Association of Credit Men. President, E. M. Sabert, Bank of Pittsburgh; Secretary, A. C. Ellis, 1213 Chamber of Commerce Bldg.
- PENNSYLVANIA.** Reading—Reading Credit Men's Association. President, E. J. Morris, Reading Wholesale Grocery Co.; Secretary, Geo. W. Mayers, Kurtz & Mayers.
- PENNSYLVANIA.** Wilkes-Barre—Wilkes-Barre Association of Credit Men. President, G. L. G. Frantz, 11 Main St.; Secretary, Geo. H. McDonnell, 720-724 Miner's Bank Bldg.

**RHODE ISLAND**, Providence—Providence Association of Credit Men. President, George W. Gardner, Union Trust Co.; Secretary, Lewis Swift, Jr., 1117 Turks Head Bldg.

**SOUTH CAROLINA**, Columbia—Columbia Association of Credit Men. President, M. B. Du Pre, M. B. Du Pre Co.; Secretary, J. F. Goggans, E. M. Du Pre Co.; Manager, J. M. Cozart, 1108 Palmetto Bank Bldg.

**SOUTH DAKOTA**, Sioux Falls—Sioux Falls Association of Credit Men. President, Fred D. Jewett, Jewett Bros. & Jewett; Secretary, G. E. Larson, Larson Hardware Co.

**TENNESSEE**, Chattanooga—Chattanooga Association of Credit Men. President, Geo. W. Wallace, Betterton-Wallace Shoe Co.; Secretary, H. W. Longley, Chattanooga Wheelbarrow Co.

**TENNESSEE**, Knoxville—Knoxville Association of Credit Men. President, A. W. Thompson, House-Hasson Hdw. Co.; Secretary, W. A. De Groat, Anderson-Dulin-Varnell Co.

**TENNESSEE**, Memphis—Memphis Association of Credit Men. President, W. L. Robinson, Industrial Bank & Trust Co.; Secretary, Oscar H. Cleveland, 610 Randolph Bldg.

**TENNESSEE**, Nashville—Nashville Credit Men's Association. President, J. T. Jenkins, Gray & Dudley Hardware Co.; Secretary, Chas. H. Warwick, 803-805 Stahlman Bldg.

**TEXAS**, Austin—Austin Association of Credit Men. President, A. J. Eilers, McKean-Eilers Co.; Secretary, R. L. Bewley, P. O. Box 1075.

**TEXAS**, Dallas—Dallas Association of Credit Men. President, F. H. Kidd, Graham-Brown Shoe Co.; Secretary, D. B. McKimmie, S. G. Davis Hat Co.

**TEXAS**, El Paso—El Paso Association of Credit Men. President, W. H. Shelton, Shelton-Payne Arms Co.; Secretary, S. W. Daniels, 307 City National Bank Bldg.

**TEXAS**, Fort Worth—Fort Worth Association of Credit Men. President, S. L. Brown, Armour & Co.; Secretary, Geo. Q. McGown, McGown, McGown & Chizum.

**TEXAS**, Houston—Houston Association of Credit Men. President, J. T. McCarthy, Kirby Lumber Co.; Secretary, F. G. Masquelette, 1117 Union National Bldg.

**TEXAS**, San Antonio—San Antonio Association of Credit Men. President, H. P. Goodman, Goodman Gro. Co.; Secretary, T. W. Friedrich, A. B. Frank Co.; Manager, Henry A. Hirshberg, Chamber of Commerce, 313 Alamo National Bank Bldg.

**TEXAS**, Waco—Waco Association of Credit Men. President, Dr. R. McDaniel, Waco Drug Co.; Secretary, S. E. Dealey, Behrens Drug Co.

**UTAH**, Salt Lake City—Utah Association of Credit Men. President, Arthur Parsons, 300 Quince St.; Assistant Secretary, Walter Wright, P. O. Box 886.

**VERMONT**, Burlington—Vermont Association of Credit Men. President, E. J. Soule, C. L. Soule & Co.; Secretary, Neil I. Stanley, P. O. Box 28.

**VIRGINIA-TENNESSEE**, Bristol—Bristol Association of Credit Men. President, J. H. Fauchette, Fauchette Peavler Shoe Co.; Secretary, T. L. Hayworth, Lockett-Reeves Co.

**VIRGINIA**, Lynchburg—Lynchburg Credit Men's Association. President, R. S. Jones, Barker-Jennings Hardware Co.; Secretary, M. F. Allen, Quinn-Marshall Co.

**VIRGINIA**, Norfolk—Norfolk Tidewater Association of Credit Men. President, H. G. Barbee, Harris, Woodson, Barbee Co.; Secretary, C. L. Whichard, Whichard Bros. Co.; Manager, Shelton N. Woodard, 1210 National Bank of Commerce Bldg.

**VIRGINIA**, Richmond—Richmond Credit Men's Association. President, Harry Marks, Harry Marks Clothing Co.; Secretary, Jo Lane Stern, 905 Travelers' Insurance Bldg.

**VIRGINIA**, Roanoke—Roanoke Association of Credit Men. President, M. W. Turner, American National Bank; Secretary, B. A. Marks, Box 48.

**WASHINGTON**, Seattle—Seattle Association of Credit Men. President, A. K. Matzger, Saxony Knitting Co.; Secretary, F. A. Godfrey, E. C. Klyce Co.

**WASHINGTON**, Spokane—Spokane Merchants' Association. President, Ray R. Gill; Secretary, J. B. Campbell, Old National Bank Bldg.; Assistant Secretary, James D. Meikle.

**WASHINGTON**, Tacoma—Tacoma Association of Credit Men. President, Chas. H. Plasz, Tacoma Grocery Co.; Secretary, R. D. Simpson, Tacoma Bldg.

**WEST VIRGINIA**, Bluefield-Graham—Bluefield-Graham Credit Men's Association. President, J. G. Stone, Bluefield Candy Co.; Secretary, P. I. Alexander, Flat Top Grocer Co., Bluefield, W. Va.

**WEST VIRGINIA**, Charleston—Charleston Association of Credit Men. President, Okey Johnson, Abney-Barnes Co.; Secretary, D. C. Lovett, Jr., Lovett Printing Co.

**WEST VIRGINIA**, Clarksburg—Central West Virginia Association of Credit Men. President, W. T. Wallis, Hornor-Gaylord Co.; Secretary, Bert Evans, 410 Union National Bank Bldg.

**WEST VIRGINIA**, Huntington—Huntington Association of Credit Men. President, H. C. Biens, Watts, Ritter & Co.; Secretary, H. S. Ivie, Huntington Wholesale Grocery Co.

**WEST VIRGINIA**, Parkersburg—Parkersburg-Marietta Association of Credit Men. President, C. T. Dutton, Martin-Nelly Grocery Co.; Secretary, W. H. Heermans, Graham-Baumgartner Co.

**WEST VIRGINIA**, Wheeling—Wheeling Association of Credit Men. President, S. Floyd, Green & Laing; Secretary, John E. Schellhaas, Room 31, McClain Bldg.

**WISCONSIN**, Fond du Lac—Fond du Lac Association of Credit Men. President, E. B. Hutchins, Boex-Holman Co.; Secretary, A. P. Baker, 91-93 South Main St.

**WISCONSIN**, Green Bay—Wholesale Credit Men's Association of Green Bay. President, Wm. P. Brenner, Brenner Candy Co.; Secretary, J. V. Rorer, 212 Bellin-Buchanan Bldg.

**WISCONSIN**, Milwaukee—Milwaukee Association of Credit Men. President, Carl Engelke, American Exchange Bank; Assistant Secretary, A. W. Hauser, 421 Sycamore St.

**WISCONSIN**, Oshkosh—Oshkosh Association of Credit Men. President, Ira Parker, Jr., Ira Parker & Sons Co.; Secretary, Bessie Cronk, F. R. A. Bldg.

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